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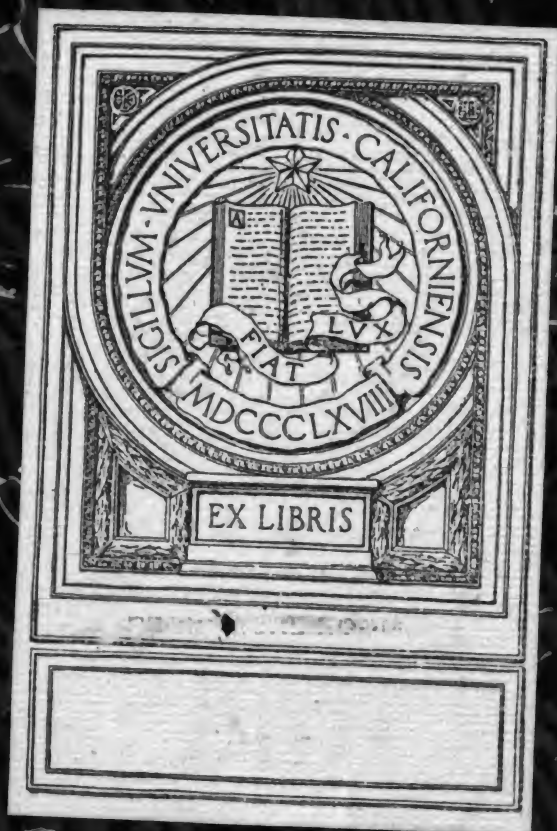
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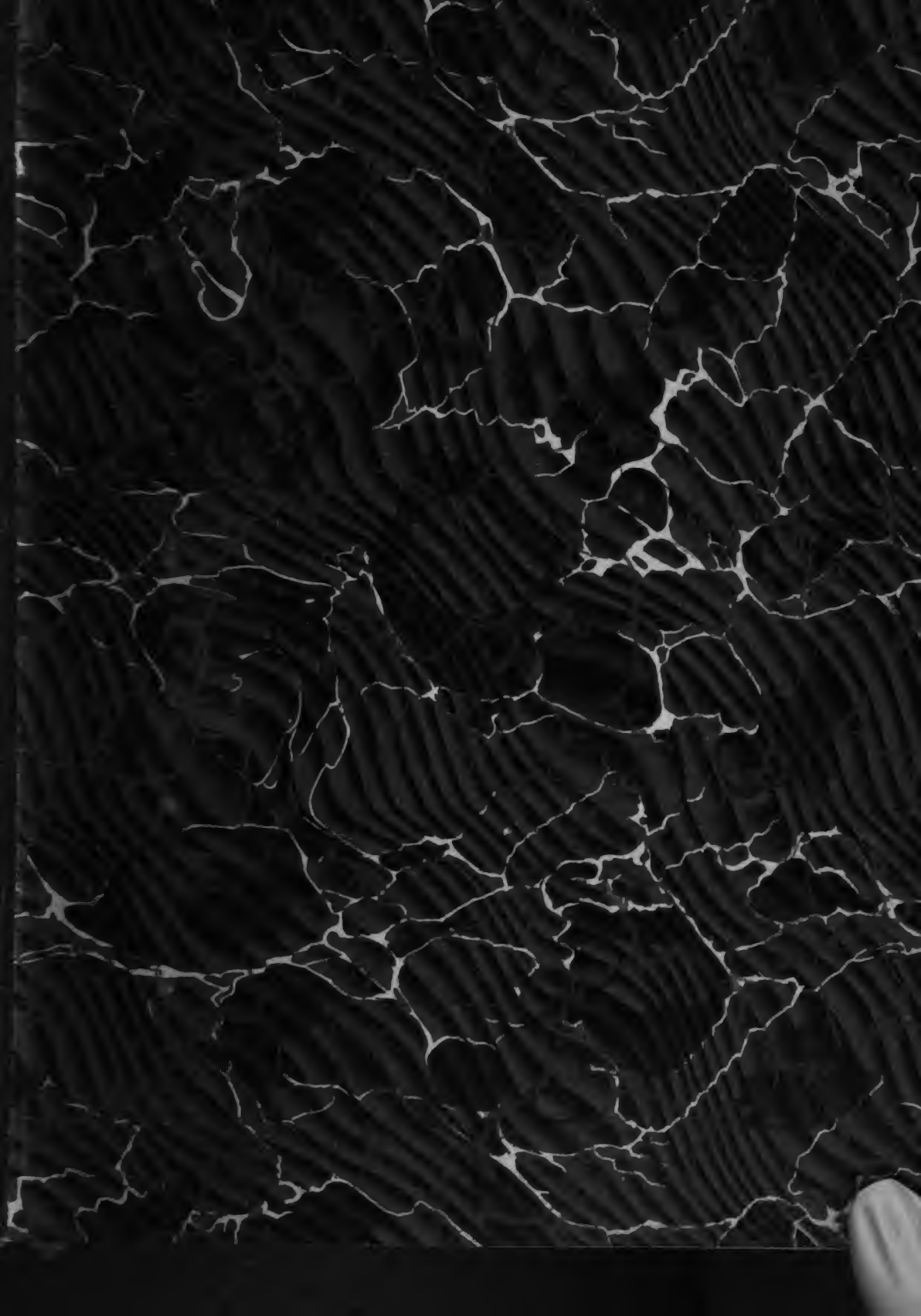
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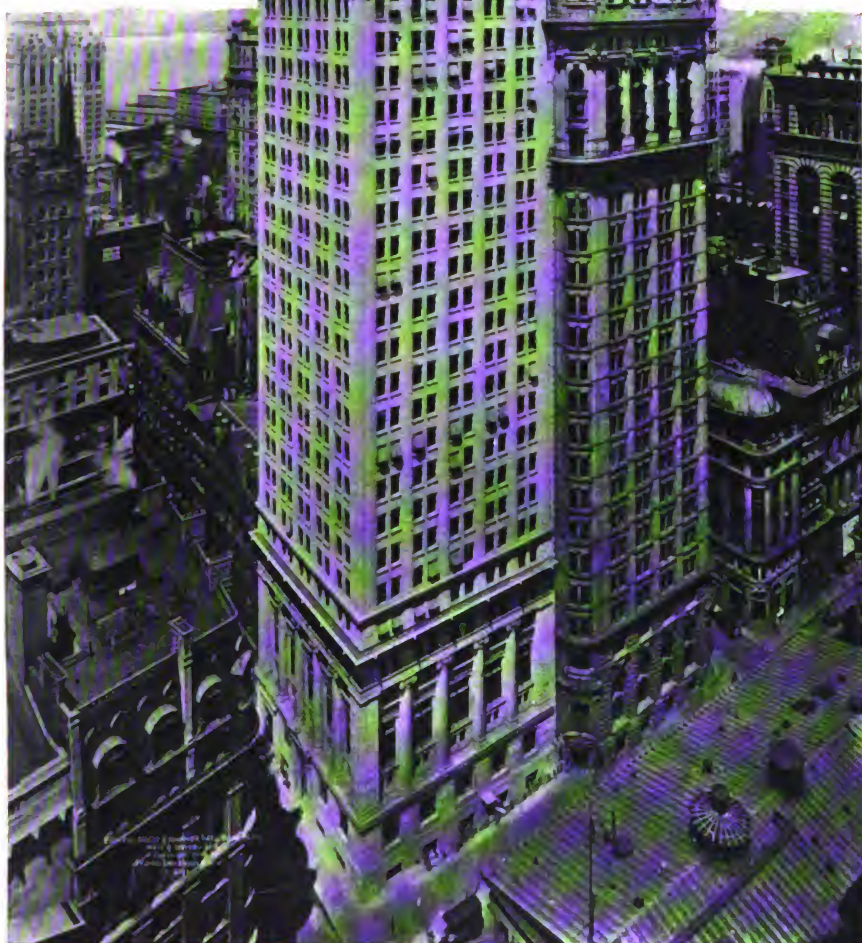


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BOUND VOLUMES OF THE BANKERS MAGAZINE

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HON. C. A. PUGSLEY

**NEWLY ELECTED PRESIDENT OF THE NEW YORK STATE BANKERS ASSOCIATION.
PRESIDENT, WESTCHESTER COUNTY NATIONAL BANK, PEEKSKILL, N. Y.**

THE
BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-SIXTH YEAR

JULY, 1912

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MEAGRE RESULTS OF THE "MONEY TRUST"
HUNT

FOLLOWING carefully the hearings in New York during the recent so-called "money trust" investigation, one can but feel surprised at the exceedingly meagre results. The already too familiar history of the 1907 panic has been rehearsed once more. A spirited defence of the New York banks was made by Mr. VANDERLIP, who scouted the idea that the banks were making anything like \$50,000,000 a year profit out of the charges imposed on country checks. Mr. HEPBURN very forcefully reminded Mr. PUJO that Congress, not the banks, was responsible for the makeshift clearing-house loan certificates. Mr. JAMES G. CANNON's testimony developed the familiar fact that a considerable part of the country's idle banking funds drifts to New York, where it may be used for Stock Exchange speculation. Under a proper currency system much of the surplus "money" would be put out of existence. But Congress is responsible for the greenbacks, which are never paid off, and for the bond-secured bank notes, which remain practically a fixed part of the circulation.

While the investigation has developed some criticism of the New York Clearing-House in closing banks regarded as weak, and one witness has ad-

mitted that probably in certain circumstances a mistake was made, we are inclined to think that generally the clearing house, in handling weak banks, has erred on the side of leniency rather than on the side of severity. The financial situation in the past has been greatly aggravated by allowing unsound banks to continue in their career of mismanagement until ruinous failure resulted, with disaster often extending far beyond the bounds of the district where the bank was located.

A diseased bank is dangerous to a community's financial health, and these diseased conditions cannot be too quickly eradicated on the appearance of the first symptoms. And if no other course is left, the unsound bank should be closed up.

This is not said with a view to excusing any mistakes the New York Clearing-House Association may have made, and certainly not with the aim to approve a policy that would interfere with the business of a solvent bank. But it is quite easy to raise an outcry that will tend to make those responsible for administering the affairs of the clearing house reluctant to impose the penalty which should be swiftly applied to banks that violate sound banking practices.

GETTING BUSINESS FOR THE BANK

ONLY a few years ago it was regarded as improper for banks to bid for business by advertising; at least, nothing beyond the dignified "card," giving the name of the bank, etc., was considered in accord with banking ethics. But since that time banking ethics have stretched a little bit, and a great many progressive banks are now advertising in a manner that indicates plainly enough that the purpose of such publicity is to get more business.

Startling as was this innovation to some ultra-conservative bankers, it has been followed by something yet more startling, namely, the direct personal solicitation of business by persons connected with the bank's staff.

Few more interesting or more practically helpful stories have been printed in this MAGAZINE than the one published elsewhere in this number, telling the methods employed and the results attained by a bank that had the courage to send its employees out among the people and ask them for their business.

We do not say that all bankers will approve of this method, for we know that many of them will not. Nor is a plan of this character practicable for all banks or adaptable to every community. Of these matters each bank must be the judge for itself.

But to all banks the methods described must be interesting. Even where a banker does not approve of getting business in this way, he can hardly afford to ignore a plan that his competitors may employ.

Aside from its direct results in getting business, this personal solicitation by bank employees, as carried out in the work described in the article referred to, has two or three important aspects.

In the first place it revealed the fact

that almost fifty per cent. of the banking business in the locality of the branches of the bank in question was being done by banks more or less remotely situated from the place where the business was maintained. Where a bank has strength and good reputation—which was true in this case—it would seem that a situation like that revealed would indicate that banks by their neglect are not infrequently losing business that should naturally come to them.

And furthermore, this direct contact between a bank's employees and the possible patrons of the bank not only stimulates closer personal relations with the accompanying advantages, but it helps to spread among the people a better understanding of the services rendered by banks and thus tends to increase the use of banking facilities generally.

Finally, the result of the work done in this case seems to have transformed some of the cogs in the bank's machinery into live human beings, vitally alert to the bank's interests, and has instilled into them the business-getting and business-conserving spirit, not only at special times when outside soliciting accounts, but at all times and when engaged in their daily routine duties.

THE CLEARING HOUSES

INTEREST in the functions of clearing houses in the United States has been stimulated by the testimony brought out at the so-called "money trust" investigation recently in New York.

The New York Clearing House, as representing the largest banking transactions in the country, naturally comes in for the principal share of scrutiny in an investigation of this kind.

While originally the principal func-

tion of the clearing house was to provide for the convenient and rapid exchange of checks—and no doubt that continues to constitute the clearing house's chief function—its scope of operations has been gradually extended, under the pressure of necessities developed by experience. The requirements for membership in the New York Clearing-House Association have grown more strict and the rules governing the organization have also tended toward a more rigid standard.

Those responsible for this tightening of control over member banks contend that this policy was necessary to enforce sound banking, and it must be admitted, whether the policy be endorsed in its entirety or not, that one of its results has been an improvement in banking tone.

Probably one of the suggestions arising out of this investigation will be a proposal for putting the clearing houses under Federal law. There are many valid objections to such a proposal, because in the very nature of things many matters arise where prompt and even radical action is necessary to save the banks and the business situation from great injury, and where it is now possible, with the freedom the clearing houses enjoy, to take such action, but it might not be possible were the clearing houses bound by Federal statutes which are difficult to change.

No doubt, however, the expansion of clearing-house functions, while generally along commendable lines, has developed some sources of friction from which the banks were hitherto exempt. It is at least an open question whether or not the time has come to throw legal restraints about these forms of financial machinery.

Theoretically, clearing houses are voluntary associations to which a bank may belong or not as it chooses. But in practice membership becomes in many cases more or less compulsory.

It is also claimed that quite often the management of these associations is dictated by a small clique who run things arbitrarily. These claims may or may not be well founded. Perhaps they are an illustration of the familiar truth that power gravitates toward the great and powerful.

The incorporation of clearing-house associations, chiefly for issuing currency, has been proposed by Mr. THEODORE GILMAN of New York. Perhaps this idea might be extended to include all the clearing houses and to bring all their functions under the operation of Federal law. Possibly, with some slight extensions of their powers and some additional means of affiliation, the clearing-house machinery could be so improved that it might perform the obligations that it is proposed to confer upon a central bank.

CHARGES ON COUNTRY CHECKS

ONCE more this subject has been brought into prominence by the inquiries made by the Pujo committee in New York. It was developed that the New York banks derive an income estimated at as much as \$50,000,000 a year from the charges imposed on out-of-town collections. The opinion has been expressed that these figures are much too high. But no doubt the banks do derive a large gross revenue from this source, though manifestly this is far from being all profit, since the banks are put to considerable expense in making these collections.

The profit derived from this source, whether \$50,000,000 annually or not, undoubtedly "looks good" to the New York banks. Yet, in imposing this charge the clearing-house banks seem rather to have postponed the settlement of a problem which they were not yet in a position to meet squarely. Few

bankers would probably deny that the better plan is that adopted by the foreign clearing department of the Boston Clearing House, and that could that plan be applied in New York and extended generally throughout the country, it would be preferable to existing conditions.

Those who are disposed to criticise the action of the New York banks in fixing a charge for collecting out-of-town checks should not forget that the problem in New York is complicated by its size and by the fact that the city named is the chief financial centre of the country.

A committee of the clearing-house association is now studying this whole matter, under the guidance of Mr. JAMES G. CANNON, president of the Fourth National Bank of New York, and a recognized authority on clearing-house affairs, and much is hoped for from this investigation.

With a proper system of check redemption carefully worked out and put into operation much of the distress occasioned by the breaking down of the domestic exchange system, such as occurred in the panic of 1907, would be avoided, and if such a system were in operation there would be no substantial reason why the banks, under proper regulations, could not issue their credit notes, to be redeemed the same as checks.

SUBURBAN NATIONAL BANKS

FOR many years it has been the practice of the Comptroller of the Currency to permit national banks in suburban territories annexed to large cities to be formed or to continue to exist without having the amount of capital or keeping the amount of reserves which the law requires for the banks in these cities. It is said that hereafter the organization of banks

will not be permitted without the minimum capital required by law.

Heretofore, so far as concerns banking, at least, the Federal Government seemed to take no cognizance of the change of the corporate boundaries of cities. A notable example is that afforded by the absorption of the city of Brooklyn into what is now the city of New York. The banks in New York must keep a reserve of twenty-five per cent. in their own vaults, while those of Brooklyn may redeposit one-half of their reserves in a central reserve city. In other words, though legally New York and Brooklyn are now one city, they have a separate existence for bank reserve purposes—one being a central reserve city and the other simply a reserve city. Of course, the New York (or Manhattan) banks carry banking reserves for out-of-town banks to a far greater extent than the Brooklyn banks do.

While there are some suburban districts included in the boundaries of large cities where it would probably work hardship to apply to the banks the same rule regarding capital that applies to the larger city institutions, it is not always so easy to tell where the city leaves off and the suburb begins, and furthermore a bank by locating in a district that was once an outlying suburb but has now virtually become an integral part of the city, can organize with smaller capital than the other banks, and if permitted to operate with less reserve may have some theoretical and practical advantages over its rivals.

In New York the State banks, through their privilege of operating branches, help in supplying the demand for banking facilities in the suburbs, but they must now add \$100,000 capital for each new branch established. The right of maintaining branches is one that the national banks do not have.

INFLATION POSSIBLE UNDER RESERVE ASSOCIATION PLAN

A CONCRETE illustration of the inflation possibilities of the Reserve Association Plan was given recently in an address by E. D. HULBERT, president of the Merchants Loan and Trust Company of Chicago. Mr. HULBERT said:

"The First National Bank of Chicago has, we will say, ten millions of dollars in gold in its vaults. It would be expected to deposit this with the Reserve Association and take credit for it. Under the proposed law it could still count this ten millions as reserve cash on hand. The Reserve Association would also count this gold as part of its reserve and could issue ten millions of its own notes against it without paying a cent of tax. Let us suppose that some other bank, say the Continental and Commercial, is short in its reserves and goes to the Reserve Association with ten millions in commercial paper for discount. The Reserve Association pays for this paper with its own notes, which the Continental and Commercial National Bank is allowed to count as legal reserve. Thus the ten million of gold which now counts as reserve in the vaults of the First National Bank and nowhere else would under the proposed plan count as cash reserve in three places. It would count as full reserve against forty millions of deposits in the First National Bank, as full reserve against ten millions of notes and ten millions of deposits in the Reserve Association, and as full reserve against forty millions of deposits in the Continental and Commercial National Bank. That is, the same ten million dollars in gold which to-day is held as a reserve against forty millions of deposits in the First National Bank would under our reform system serve as reserve against one

hundred millions of liabilities in three different concerns.

"If this is not inflation, what is it? It has been estimated that an inflation of six billions of dollars in credits would be possible under this plan unchecked by any tax. The proposed tax itself is something of a humbug so far as being a producer of any revenue to the government is concerned. The plan provides that the profits of the association shall go to the government after paying five per cent. dividends on the stock and setting aside a certain amount for surplus. Hence all expenses and taxes paid by the association come out of the government's share of the profits. In other words, the government pays the tax."

Mr. HULBERT expressed the opinion that the sentiment of those opposed to the ALDRICH plan is crystallizing in favor of the incorporation of Federal clearing houses.

BANKS AND THE RESTRAINT OF TRADE

COMMENTING on the action of certain New York banks in making loans in aid of the Brazilian coffee valorization plan, the New York "Times" says:

"This is a pretty plain case of restraint of trade. The point in interest, so far as we are concerned with getting at the causes of popular discontent and agitation, is that our great banking concerns have advanced millions of money to finance this flagrant conspiracy in restraint of trade, this conspiracy which has materially increased the price of coffee to the people, and yet they wonder why the people listen to agitators like Mr. BRYAN, why they give Mr. ROOSEVELT preference votes in many States, why they applaud Senator LA FOLLETTE, why there are so

many Progressives in the Senate and the House, why an investigation of the 'Money Trust' is ordered, and why muckraking magazines have a great circulation. Everybody knows that the country is aflame with resentment against the banks and the trusts, yet here we have the plain evidence that the banks and the trusts are supplying the fuel that feeds the flame."

It may not be a parallel case, exactly, and yet its effects are the same, namely, prices are advanced, whenever a bank lends money to hold commodities of any kind. Who that is familiar with our farming methods does not know that it is quite usual for the farmer to "hold his wheat" after threshing until such time as market conditions may be relieved from the pressure of the large quantity of wheat being offered soon after the harvesting season? And the device of holding cotton in the warehouse and many kinds of goods in storage is very common. The banks have been aiding this practice for years, and no one has ever seriously criticised them for it, so far as we know.

Indeed, we are not sure that in aiding to steady prices at certain seasons the banks are not performing a highly useful service and preventing a demoralization of prices that would be ruinous to producers.

Yet, we are not discussing the question whether the lending of money to aid in a foreign coffee corner—or something of that sort—is a defensible policy or not. The criticism quoted from the New York paper certainly opens up an interesting field for discussion.

Are the banks to encounter political hostility because they lend money to the trusts? That, assuredly, is the fair deduction from the criticism quoted. Were the banks to stop loans to business concerns suspected of not coming up to Government requirements on ac-

count of restraining trade, this might be a more effectual way to destroy the trusts than to prosecute them. It might be a policy, however, also destructive to other business and vastly harmful in its results.

BLOW AT A GREAT INDUSTRY

FROM time to time people have wondered why there should be any prejudice in the popular mind against banks. All such perplexities will be set at rest at once and forever on reading this announcement, made by a bank in Kentucky:

"Notice is hereby given to all that no candidate for office will be accepted as surety on any note to this bank. So it is needless to present any note to this bank with any candidate's name to it."

This strikes a vindictive and fatal blow at the leading American industry—politics. If the banks will no longer "finance" candidates for office, what is to become of the country? Must only the rich, able to pay their own campaign expenses, be allowed to aspire to office?

And yet people wonder why the "money trust" is being investigated!

INDUSTRIAL UNREST

ADDRESSING the Bankers' Association in London, recently, Premier ASQUITH called the attention of bankers especially to the feeling of unrest prevailing in industrial circles, and invited their coöperation in contributing to the solution of the problem, by suggestion and by wise and fruitful experiments.

About the same time of the Premier's address, the subject was up for discussion in the House of Commons. The Chancellor of the Exchequer declared

that the immediate causes of the unrest were "firstly, the wages; secondly, that the conditions of life were unworthy of the dignity of the workers' manhood, and thirdly, that the workers were not treated as if they were possessed of minds and souls of their own."

This statement, if made by a responsible statesman in the United States, would doubtless be looked on as an exaggeration. Conditions here are hardly so bad as Mr. LLOYD GEORGE describes as existing in Great Britain. Nevertheless, considerable dissatisfaction prevails, whether justly or not.

Unrest, industrial or otherwise, does not necessarily indicate the existence of unhealthful conditions. Unrest may be a sign of progress, and it is probably true, as philosophers have observed, that discontent grows with added learning and prosperity.

It is not easy to see just what bankers can do especially to allay the disquietude to which the British Prime Minister referred. Bankers might be more liberal in making loans to persons of small means. But would that policy allay unrest or increase it?

Probably the best service the bankers can render is so to use the world's accumulated capital and credits as to carry on the routine of industry and trade in the most economical and efficient manner. That, if we understand banking at all, is precisely what they are doing now.

AN IMPOSING BUILDING

CONSIDERABLE space is given in this issue of *THE BANKERS MAGAZINE* to description and illustration of the new Bankers Trust Company Building in New York.

Merely from a commercial and architectural standpoint the new structure is important enough to justify this special attention, for it represents—

for the present at least—the very highest achievement in that direction. But the completion of this great centre of financial and commercial interests has a more significant aspect than this. It typifies not alone the growth of this particular company, but in a sense is representative of the marvellous development of trust companies that has been going on in the United States for the past ten or twenty years.

This growth is all the more remarkable, since it does not seem to have been attained chiefly, or even largely, at the expense of the banks. The latter institutions have grown, if not so rapidly as the trust companies, still at a rapid rate. Of course, in some cases the trust company may have gained its present proportions at the expense of some particular bank, and probably, also, had there been no trust companies, the banks might have shown greater totals than they now do and their numbers might have been larger.

Yet, when due allowance is made for all these facts, it nevertheless remains true that the trust company seems to owe its prosperity to having developed a fallow field. Coincidentally with the numerous new functions which they have undertaken, they have also in many instances carried on ordinary banking operations, but these have been, as a rule, subsidiary to the main purposes of their organization. So popular have the trust companies become and so well adapted to present-day financial requirements, that there is some tendency to combine State banks with them, or to supplant such banks by trust companies. Indeed, in Massachusetts this latter course was taken some time ago.

The sudden and remarkable growth of what is even yet substantially a new kind of financial institution illustrates the truth of the familiar adage that there are still plenty of good fish in the sea. And although the develop-

ment of banking service in this country would seem already to have been carried to the highest attainable point of perfection, no doubt the future will bring forth other demands which will be readily and efficiently supplied. The agitation among bankers for improved means of agricultural credit is a case in point.

If impregnable strength be—as we regard it—one of the fundamentals of a financial institution, and if that strength can be typified in a building of any kind, it certainly stands out most strikingly in the new Bankers Trust Company Building. Of course, even more remarkable than the building, is the personnel of the board of directors, probably unmatched for representative character by any bank directorate in the United States. It goes without saying that this splendid structure, and the tremendous resources represented in the current balance sheet of the Bankers Trust Company, are an expression of the dignity, power and trustworthiness of New York banking.

MONEY TRUST INVESTIGATION HALTED

ANNOUNCEMENT was made recently that the “main investigation” of the “money trust” would be put off until after the election. This decision will disarm those critics who

are contending that the investigation was prompted for political effect, because the inquiry does not yet seem to have revealed anything of particular advantage as a political asset.

The purpose of the investigation has not yet fully been made plain.

The whole thing seems to be a part of that unwise policy of sensational prying into business affairs which of late has become a national pastime.

Of course, if there is anything wrong in the banking situation, which the banks themselves are either incapable or unwilling to correct, the evils must be discovered and the remedy applied.

But the whole thing has an insincere look. And for this very obvious reason: Congress has known for many years of many admitted defects in our banking system—defects as to which there has been almost a unanimity of opinion—and has done nothing absolutely to make things better. To come now at this late hour, with a beating of gongs and blowing of horns, to stir up a sensation, has a decidedly insincere look.

We regret exceedingly to say that neither this investigation, not the tactics of friends of the Reserve Association plan and its apparent auxiliary, the National Citizens League, are such as to win the approval of those who believe that candor and honesty are of first importance in dealing with our banking problems.

NEW COUNTERFEIT ONE-DOLLAR SILVER CERTIFICATE

SERIES 1899; check letter “B”; J. C. Napier, Register of the Treasury; Lee McClung, Treasurer of the United States; Portraits of Lincoln and Grant.

This is a crudely executed counterfeit, printed apparently from badly etched zinc plates on a single sheet of paper, no attempt having been made to

imitate the silk fibre of the genuine. The lettering is poorly done and rather indistinct, and there is an entire absence of detail as to the geometric lines both on face and back of note. The number of the specimen at hand is Z61039670. This counterfeit should not deceive the ordinary handler of money.

GOING AFTER BUSINESS AND GETTING IT

RESULTS OF A HOUSE-TO-HOUSE CANVASS FOR BANK ACCOUNTS

By Horatio Ford, Secretary Garfield Savings Bank Company,
Cleveland, Ohio

INNOVATIONS in banking are frowned upon and are therefore rare. Against the clever schemes of many clever gentlemen who are professional advertisers and not bankers, the bankers have as a whole succeeded in defending "Professional Etiquette" these hundred years. That means that while we have dropped from the high "professional" position of publishing only business cards, to the lower level of carefully-planned printed advertising, and now of late even lower, to the actual writing of letters to selected names, still we have not yet fallen so low as to go out after accounts by word of mouth. Heaven forbid! Imagine a doctor or lawyer canvassing for business from house to house! Just what the analogy is, no one knows, but the parallel has been carefully and conclusively drawn, as I say, for a hundred years.

Because we in Cleveland could not see the analogy; because we wanted to grow faster in deposits; because we wanted to save advertising money; and because we wanted to help our boys and young men to make the most of themselves, we tried house-to-house canvassing in April, 1911. How it worked and why we tried it again in October will possibly (like other innovations) interest you.

BREAKING THROUGH ANCIENT TRADITIONS.

Don't for a minute fancy that all there was to it was simply setting down four "because's" and then going out and trying it. No, indeed. The author of the idea rode it as an occasional hobby for three lonesome years. Finally, when the time seemed opportune, he presented it to the officers' board. That energetic body threshed it pro and con, chased it uphill to the heights of folly

and down to the depths of banking impropriety. Cowed and humbled, but still hopeful, the idea went to the finance committee, where it was almost melted in the heat of controversy, then again chilled with the frosts of theoretical impossibilities. After many chastening experiences the idea was returned—along with sundry secret misgivings and mental reservations—to its parent to be "tried on."

MAPPING OUT THE CAMPAIGN.

The bank has four East End branches in Cleveland, besides its downtown main office. The plan was to take a city map, chalk off a certain small district in the neighborhood of each branch, then organize the cashier, tellers and bookkeepers in that branch into a visiting force which should make one call at every house in the selected district between the 12th and 22nd of April. Thus there would be four campaigns in four different localities at once.

The daily clerical work must be so arranged that one man would do another's work while the latter made calls for two or three hours one day, and vice versa the next day. The main office employees, being unable to campaign down-town, could help by extra substituting at the indoor work of the branches.

This was not intended as a campaign for direct results—that had been chastened out of the idea—but was to be a campaign of friendly calling by the employees of a branch, upon its own neighbors, to gather information about these neighbors, and to leave a pleasant, personal impression. We all know how largely the choice of one's bank is a matter of personal connections or impressions.

Districts were chosen which were

newly built up and where the branch's influence had not yet fully reached, or where for any other reason we had comparatively few clients.

AROUSING INTEREST AND ENTHUSIASM AMONG THE WORKERS.

Having passed the fears of the committees, the idea must next overcome the reluctance and objections of the intended workers. Realize that these were young men and boys of a clerical turn of mind, and clerical training. We were asking them all at once to put on their hats and become solicitors—salesmen, if you will. A considerable mental overturning!

A pleasant dinner was arranged for the night before the opening day. Jolly music, no restraining presence of directors, and, after the outlining of the campaign details, two strong inspirational talks—these turned the trick. The president aroused loyalty to the institution by pictures of its past and future; and a district manager for one of the large life insurance companies talked stirringly on the ideals and the

ing with a different man or boy, taking the branches in rotation. One or two hours of work were done between 8.30 and 11 every morning, before the clearance and lunch hours, and an hour or two more in the afternoon, between two and four o'clock. In the general run of neighborhoods the lady of the house is least busy and most likely to be at home during these hours.

Our calls were upon all classes of people, from those who dwell behind broad piazzas and highly trained doormaids to those who dwell behind an iron lock and a little, snappy dog.

Each visitor was told to start at a certain house and work certain streets, one side of the street at a time, until he must return to the bank. He was armed with the latest financial statement of the bank in pamphlet form—perhaps fifteen of them—a dozen copies of our bank organ, "Thrift," some circulars describing a savings scheme which we call "The Steady Savers' Club" and some neatly printed business cards bearing his name and the bank's, and last but not least, a handful of statistical cards like this:

Mr.
Mrs.
Miss.....
Address.....Office
Date.....Knows..... in the Bank
Has Savings?.....Has Comm'l?.....Occupation.....
Now banks with The.....Has loan there?.....
Children.....Owns Real Estate?.....
ATTITUDE: Cordial Indifferent Opposed Reason:.....
FOLLOW UP FOR: Steady Saver Savings Commercial Safe Deposit Real Estate
Particular Facts:.....
.....
Answer Questions with "Y" or "N".....Underline ATTITUDE and FOLLOW UP.

possibilities that actuate a real business-getter. The dinner was a success.

MAKING THE CALLS.

Next morning an adventurous pair or trio started out from each office. The author of the idea took with him one whom he wished to show the game, and tried to do this each succeeding morn-

After a few interviews one gets quite expert at talking glibly, gathering information and marking the card all at the same time. The name of the street on which you are working goes in the middle of the second line. This on the top card only; the succeeding cards are filled in with street name, name of the branch office, and date, after returning to the bank.

FINE POINTS IN THE BUSINESS.

There are many fine points in the business. When you have finished at one front door and lifted your hat in farewell, you stop to ask the lady who her next door neighbor is. "I wonder if we know them at the bank?" This always gets the last name at least—say MacAdams; often additional, volunteered information as to thriftiness, business connections, children and such. Then you tip your hat again, stick pencil and cards in your outside overcoat pocket, march down the front walk, along the street walk and turn up the neighbor's path. Never cut across lawns from porch to porch. Arrived at the bottom porch step, you run up the whole flight and proceed rapidly and importantly to the doorbell. You ring (or knock) with appropriate importance, and while waiting pull out pencil and cards and write down "MacAdams" and the house number, which you have observed while running up the steps. When the door opens in a somewhat hostile or reluctant manner, you, armed with the information recently gained, smile blandly and remark, "Good morning, Mrs. MacAdams, I am from the Garfield Bank, down at the corner of, and-so-forth." This sounds at once neighborly and important.

It is wonderful how much, useful and otherwise, you can learn in five minutes' talk with some people on their financial affairs. And with other people, it's equally wonderful how little.

As the interview draws to a close, "By the way, what are Mr. MacAdams' initials?" and you have it all—full name, address and information. Then you ask Mrs. MacAdams about *her* next neighbor, and so on blithely up the street.

Really, it's good fun. A new experience at every house, a new personality to make a pleasant impression upon for the good of your bank, and often another possibility developed in the way of new business.

CLERKS BECOME INTERESTED.

Many of the clerks had to be bullied, shamed, dragged into the work at the

start; but before the ten days were gone, one branch was having a daily argument as to who should be allowed to go calling, and who must stay in; another office pleaded to continue the campaign just a couple of days longer, to finish certain streets; and the general vote all around was that calling is more fun than bookkeeping.

By way of parenthesis, no campaigning was allowed after the final day. This for the sake of the indoor work, also for the sake of the next campaign, which must be looked upon as a short and shining opportunity.

We had had two and a half days of rain out of the eleven and also a Saturday and Sunday on which no campaigning was done. Please bear this in mind while reading the figures below.

WHAT THE CARDS SHOWED.

Each man's cards were kept separate until the detailed reports of the branch, man by man, had been compiled. Only one man out of sixteen available did no work. Here are the results:

Total calls made.....	890
Total interviews obtained.....	673
Total cordial interviews.....	520—77%
Banking wholly with us.....	134—19%
Banking partly with us.....	62
Wholly with other banks.....	289—43%
Good follow-ups listed.....	249
Results, among others, deposits of	\$527.00

A CHEAP FORM OF ADVERTISING.

When all the statistics had been carefully tabulated and reported, the finance committee wisely rewarded the five men who did the best work with cash bonuses. These, with the cost of cards and the campaign dinner, represented an outlay of less than fifty dollars. How can a bank get personal contact between its employees and six hundred and seventy-two households in its immediate neighborhood more cheaply?

THE PROOF OF THE PUDDING.

Or more effectively, either? For we hasten to add that, although this was a publicity campaign for making friends and getting information, and not for

direct results, nevertheless our books showed, six months after the campaign, one hundred and thirty-five new accounts from those canvassed streets, and \$13,006.77 of new deposits.

This does not take into consideration any old accounts that may have been stimulated, and any new accounts opened and closed within the six months, nor the new business gotten during the campaign itself. Therefore, it is fair to attribute to the campaign \$13,000 of permanent new deposits, in the first six months. And its good effects, far from being exhausted, are continuing with unabated flow.

In the next three months, from the sixth to the ninth after the campaign, eighty-four additional accounts were opened from the canvassed streets, with a total of \$6,993.57 of deposits. Or, for the nine months a total of two hundred and nineteen accounts and \$20,000 in deposits. This amount, with the \$527 of deposits obtained during the campaign, represents an average of \$30.54 of new deposits for every interview obtained!

So the influence of those ten days will continue to work, in many dévious channels; and in months and years to come, when financial fortune or misfortune comes suddenly to one of those people, the memory of a ten-minute talk with a pleasant young man will bring somebody straight to the bank on the corner.

OTHER BENEFITS TO THE BANK.

But the new business acquired in its various departments was only half of the benefit accruing to the bank. From that time on we have had a solicitor at every teller's window and on every set of books, ready and trained, whenever the chance may arise, to make a new friend or to influence the placing of a new account. Our position as third among the savings banks of Cleveland in percentage of increase of deposits in 1911, in spite of a comparatively meagre advertising budget for the year, shows that this dual capacity in the employees is no myth.

GETTING READY FOR ANOTHER CAMPAIGN.

When the reports were all in, the names and addresses were copied on mailing-list cards, arranged alphabetically, and filed into the general advertising mailing-list. Then the statistical campaign cards were arranged, not alphabetically, but by streets and house-numbers, for use at the branches in locating people and getting information; and also as the basis for another campaign in the years to come, when it shall be that district's turn again.

In the summer that followed the April campaign these names received copies of "Thrift," by reason of being on the mailing-list. Aside from that no follow-up work was done, except a few calls by the cashiers and an occasional letter to special individuals.

In the fall, when it was proposed to repeat the experiment, the idea met no such rough treatment as before. The fact that seventy-seven per cent. of the interviews had been cordial quieted the fears, expressed before the April campaign, that people might be annoyed; might object to being interviewed on money matters; or might think the bank over-anxious for deposits and therefore to be avoided.

We proposed, with the experience gained from the first campaign, to raise the percentage of cordial welcomes, and we did.

Again, it was something of an eye-opener to those who were complacently satisfied with our old average rate of growth to find that right in the neighborhood of our branches, after years of banking service, only nineteen per cent. of our neighbors were banking wholly with us, while forty-three per cent. were carrying deposits at other banks.

Most of this forty-three per cent. was represented by depositors with down-town banks, not at other suburban banks or branches. Yet the Garfield stands high in its community.

We say this, meaning that a similar canvass would probably reveal similar startling percentages in the district of any suburban or branch bank.

There are thousands of dollars of legitimate deposits right in the neighborhood, which can only be gotten by going after them.

THE SECOND CAMPAIGN.

No preliminary dinner was held before the second campaign. We agreed instead to have a dinner and experience-meeting afterwards. The campaign was to run from October 18 to 28. On the 17th, an encouraging letter was sent to each branch, telling the six months' results from the first campaign, branch by branch, setting a goal to reach, and scheduling the visits and assistance of the officer in charge. The men and boys started out this time with a fine good will and plenty of confidence. Moreover, they went, in many cases, with more of a purpose to get actual results.

A blank savings pass-book and signature-card were added to the former equipment, sometimes a nicked home savings bank, which could be left, upon the deposit of a dollar.

New districts had been mapped out, in most cases a continuation of the district worked in April. The same hours were observed for calling, it being our observation that the best results were obtained in the morning. More fine points were added to our stock in trade. For instance, in April a few knocks or rings at the front door without response would discourage us, and we would depart to the next house, leaving literature and business card under the door or in the mail-box. Now, however, we would advance upon the side door, or even the kitchen door, and repeat the summons. In several such cases the inmates' reluctance was conquered and really valuable follow-up possibilities were obtained. Where it was impossible to get any response the plan was for the solicitor to fill out a card with the name (derived from the letter-box or from questioning neighbors) and the address, mark it "not in," and call there again next day. At least that house would get upon the mailing-list. Owing to these more thorough tactics, and our increasing ability to handle a

conversation to good advantage, the length of the calls somewhat increased and the rate per hour was reduced from fifteen to about ten. We had one more day of good weather than in April, and two more men working. The results this time were:

Total calls made.....	1,527
Total interviews obtained.....	1,118
Total cordial interviews.....	927—83%
Banking wholly with us.....	257—23%
Banking partly with us.....	63— 5%
Wholly with other banks.....	523—46%
Good follow-ups listed.....	339
Results, among others, new accounts	15

We had almost doubled the number of calls in ten days, although the visits had grown slightly longer. We had raised the percentage of cordial receptions six points. The immediate results, again, were not very great; but we are sure that when the man of the house came home our visits were favorably commented upon at least once, in almost a thousand homes.

Again on mailing-list cards the names and addresses were copied for the benefit of the advertising files. Then the campaign cards were filed by streets, with those of April, for statistical reference. Later, in the last week of December, the officer in charge wrote to the branch cashiers, suggesting that they look through these campaign cards for cases where an account might be transferred on January first (without the loss of interest) from some distant bank to ours. He enclosed a form letter which the cashiers could use for this purpose, to be modified to fit each case. Again in January he sent out four more form letters to be used with modifications in following up possibilities of loans, "Steady Saver" memberships, safe-deposit rentals or real estate transactions. "Thrift" also has gone to our new friends as a bi-monthly reminder that they are not forgotten.

RESULTS IN DEPOSITS AND NEW ACCOUNTS.

Three months after the second campaign it was found that from the

streets canvassed then our books show ninety-nine new accounts, amounting to \$6,820.41. This made a grand total from the districts of both campaigns, nine months after the first and three months after the second, of three hundred and thirty-six new accounts, amounting to \$27,397.75.

As stated before, we cannot prove that all of this growth can be directly ascribed to the campaigns. But we have disregarded so much other good done (for example, to accounts already open) that it seems fair to credit the campaign with most of it.

EDUCATION IN REGARD TO THE BANK'S SERVICE.

One of the great benefits to the bank resulting from such canvasses as these, and which cannot be measured in dollars or accounts, is the education of the people in regard to a bank's services. In the hundreds of short talks held, a great many misunderstandings were set right and much new knowledge imparted which must necessarily result in increased use of the bank's protection and assistance. The solicitors were often warned not to do all the talking, but to get the people to state their views and ask questions.

REJOICING OVER WORK WELL DONE.

The experience meeting which followed the second campaign was in the form of a free-and-easy stag dinner, after which came a few serious remarks and the presentation of cash prizes to the best workers. Then the entertainment took the form of amateur vaudeville, gotten up by the main office employees. It was great fun. The evening left everybody satisfied and happy, both with his work and his play.

NO PATENT ON THE PLAN.

This is the story of our experiment and of its success thus far. Possibly other banks have tried the same experiment. We have not heard of them. Possibly improvements can be made upon our scheme. One, we think (in this climate at any rate) might be to hold the spring canvass in May instead of April. Other improvements we will welcome. Business-getters must be adaptable.

At any rate, the whole scheme is before you in all its details, without reservation or royalty, entirely at the disposal—with our good wishes—of any who will be so "unprofessional" as to make trial of it.

TAKING NO CHANCES

GEORGE H. PECK, says the "Popular Magazine," takes no stock in frenzied finance, neither does he believe in running unnecessary risks. He is rich, prudent and wise. He was sitting in his office one day when a young man, full of optimism and ideas, rushed in with this proposition:

"Mr. Peck, if you will lend me \$1,000, I know how we can make a lot of money. The thing is a cinch, and we can't lose. It's like taking money from a child."

Mr. Peck refused to be carried away by enthusiasm.

"How much money do we need to put

this deal over?" he asked in a calm, judicial tone.

"I tell you," said the young man, "we must have a thousand dollars."

"How much will we make," pursued Peck, still cautious.

"Two hundred dollars, \$100 for you and \$100 for me."

"Wait a minute," concluded the older man, and went back to his safe, from which he took a roll of money that looked big enough to cut a dash in Wall street.

"Here, my son," he said kindly, "is \$100. We will consider that we have made this deal and it has been a glittering success. You make your hundred and I save nine hundred."

BUILDING UP BUSINESS

EXCELLENT practical suggestions for increasing business are contained in an article on "Deposit Building and Bank Advertising," recently contributed to "The Spectator" by Alexander Dunbar, cashier Exchange National Bank, Pittsburgh. He says, in part:

"Advertising is not the first question to be considered, by any means, as it is not only an expensive practice, but the results are frequently disappointing.

"This, however, is not the fault of advertising so much as the policy of the advertiser. Let it be understood, therefore, that it is not my intention to condemn bank advertising, but merely to show how the advertising question should be made only a part of a business-getting policy, should be carefully studied and a definite line of action established, before any money is expended.

SELECTION OF EMPLOYEES.

"Too much emphasis cannot be placed upon the importance of the selection of employees to meet and serve the customers. This matter should have the banker's first attention. For example, the tellers should be trained to work facing their windows, and taught to serve customers immediately, without waiting to finish any other inside duty. There is nothing more exasperating to a customer than to be compelled to wait at a window until a teller finishes a conversation over the telephone, or with another employee, about an unimportant matter. It is good service to the public that counts more than any other thing in securing new business and keeping old customers. Do not make the mistake to tolerate slowness or inefficiency upon the part of any employee in serving customers, even if you have to remove the employee in order to gain the service. Service is vitally important to the success of deposit building.

CHARACTER AND PERSONALITY.

"To my mind, there are three things that go to make up a first class bank employee: (1st) Unimpeachable character; (2nd) Genial personality; (3rd) Ability.

"Of these three things, the first two strike me as being most important, and I would rather select a clerk with a majority of his make-up in character and genial personality than one of unusual ability but lacking in the other two qualifications. The general public usually cares little for more than average ability, as too much ability often carries with it oddities which breed unpopularity.

KEEP THE BANK IN GOOD ORDER.

"The next important matter, it seems to me, is the janitor service of the bank. Your bank should always present its best appearance to customers, and, above all, be cleanly and orderly at all times. From the cashier's desk down, everything should be in order, and all old books, papers and unnecessary documents removed from sight. If you keep your bank orderly, your customers will have more faith in the safety of their deposits, as they have a right to judge that your books and files are kept in exactly the same condition. These things seem small but they count much more than one thinks.

MUST NOT ARGUE.

"The next important thing is to never allow your employees to argue with a customer. Should there be a misunderstanding, the officers are the best persons to handle the matter, and the clerks should be instructed to refer the customer to an officer. The average person is more willing to listen to an officer than a clerk, and the officer is therefore in better position to adjust the matter.

"One of the best ways to teach em-

ployees the art of properly caring for customers is by having the officers set a good example. Employees are quick to adopt the ways of an officer, and you cannot be too careful upon this point.

MONTHLY MEETINGS.

"A meeting of the employees of a bank, with its active officers, at least once a month, is strongly commended, at which times employees can be told the advantages of polite treatment to customers, and consider other matters of general interest to the bank. Suggestions should be solicited from employees at such meetings, looking toward the improvement of the service. These suggestions should be given careful consideration, and subsequently adopted, if considered wise. It will be astonishing to find how many splendid suggestions are made, from time to time, by employees.

ROOM FOR LADIES.

"Probably the best advertising medium a bank can have is the voice of a satisfied depositor, and good service will bring favorable comment from all customers served, especially women depositors. Satisfied women depositors are better advertisers than men, as the average man will voice his satisfaction in a very few words, while a woman will talk half an hour on the same subject, and usually at a time when a number of ladies are present. For this reason, a comfortable ladies' room should be arranged, by every bank, where ladies can make appointments or use the telephone. The latest magazines and fashion books should be kept on the table for their use.

ADVERTISING.

"Each advertisement should emphasize but one important thing, leaving other things to be said later. In my opinion a bank advertisement should not appear daily, and not twice alike, because it becomes too common, and therefore awakens no comment. I would strongly recommend six times the space

each sixth day, rather than one-sixth of the space daily. Do not copy other 'ads.' Say something about your bank in your own language, but avoid anything sensational or cheap. Be brief. Maintain the dignity of your institution, and always remember that it is not the 'ad.' that gets the business, but your personal effort afterward.

SEEKING NEW CUSTOMERS.

"Now, you inquire what do I mean by personal effort? Simply to get in personal touch with all prospective customers, and be careful not to neglect your present depositors. This can best be done by making a list outlining a number of names of persons whom you would like to see transact financial business with your bank, and place such names in a pocket memorandum book. Set aside thirty minutes each day for calling upon such persons, marking the list in the memorandum book, to show the prospects in each case. The first call, of course, should simply serve to get acquainted with the prospective customer and, before leaving, extend a personal invitation to visit your bank. If you succeed in getting him inside your institution, and if your clerks are smiling and attentive, you have every chance in the world to get business, particularly if the surrounding banks are not delivering the same service. No prospective customer should be called upon until after you have looked him up carefully and feel sure your board would be willing to extend him such credit as he would probably need in his particular line. Strictly avoid competing for business by offering higher rates of interest.

STOCKHOLDERS AND DIRECTORS CAN HELP.

"You should call to see your stockholders periodically, and get them interested in bringing the bank to the attention of their acquaintances. In addition, you might secure from them a list of such acquaintances, to be called upon later by you.

"Directors, as a rule, are very busy

with their personal affairs, but if the officers take time to map out the various channels, where the different directors have influence, they will find it easy to get them to do the rest. It is lack of thought more than lack of desire that often makes a director of not much use in building up bank deposits.

"The officers of the bank, of course, must exercise discretion and good taste in going after business, through per-

sonal effort, but it will be found most effective if properly handled. Nothing permanent or worth while these days can be gained, except by personal sacrifice, or personal effort, and each day it is becoming more true in all lines of business, including banking. All ambitious bankers should, therefore, enter active service as soon as possible, in order to get that much of a lead on their competitors."

WHAT BANKERS ARE SAYING

Well-matured views of bankers and other financial men are tersely expressed in the subjoined extracts, taken from addresses at bankers' conventions and from other sources.

BANKING CONCENTRATION AND CONTROL

By Hon. Franklin MacVeagh, Secretary of the Treasury

SO far I do not believe there is much important concentration of banking control outside of New York. It has not had time to extend itself seriously. There is no New York control, for example, in Chicago. Some of the New York capitalists own some shares in Chicago banks, but, so far as I know, there has not been any attempt up to this time on the part of New York to control any bank in Chicago. But a few years ago the banks in New York were independent of each other and doubtless to a large extent they are so still. It was, however, a necessity growing out of the panic of 1907 to have a greater unity of banking power than then existed; and the temporary control which then grew up to tide the banking world over a terrific crisis seemed to teach the great banking powers the general need of greater coöperation and concentration. And I was scarcely surprised to be told, not very long ago, that some of the strong men of New York felt that any more

monetary legislation was wholly unnecessary—because they could themselves handle all the difficulties growing out of our system. Nor have I any doubt in the world that that point of view was consciously patriotic. Of course, such a view takes very little into account, and it is based upon a misconception of the national aspirations and sentiments. But it is wholly honest.

INTEREST ON DEPOSITS

*By Edward S. Pierson, President
Greenville Banking and Trust Co.,
Jersey City, N. J.*

A BANK which does not possess the invaluable asset of confidence must bid high for deposits, and having bid a high rate for the same must necessarily take somewhat greater risk in loaning money in order to secure a rate of interest which will permit of making a profit. The greatest mistakes that a banker makes with respect to the wise choice of loans is when he has on hand, lying idle, a large amount of money on which he is paying interest, and the higher the rate he is paying for the

money the greater the temptation to get it out on loans when perhaps the market for money is such that it is almost impossible to secure good loans at a fair rate of interest. The weak timbers that are so apparent in some banking structures in times of panic and distrust are most often put into those structures in what are termed "good times" and when money is very plentiful. It would be a reflection on the intelligence of my hearers to further argue that there are evil tendencies to payment of excessive rates of interest on deposits, and while to a certain extent the rate of interest that a banker can safely pay is determined by the average conditions of character of account, expense of management and average rate of interest on loans that pertain to his particular institution, or obtain in his locality, nevertheless there are certain limits and restrictions which should be established and maintained generally by the banking institutions in any State or certain section of the country.

COMMERCIAL PAPER AS AN INVESTMENT

*By J. Herbert Case, Vice-President
Franklin Trust Co., Brooklyn, N. Y.*

THE commercial paper market should and does provide for the banker a means of making short time investments of a specific but flexible nature and the banker buying such paper, having carefully gone into the matter as he should, has the consciousness that the funds so employed are to be converted by the borrower into assets of an absolutely liquid character. In the case of a merchant, into new stock for the current season's business; in the case of a manufacturer, into materials which are worked into finished product. In each instance this merchandise in turn becomes accounts or bills receivable and eventually once more the cash with which the maker is enabled to meet the obligation as it matures. Long experience has shown that the banker

investing a portion of his funds in this class of paper—assuming of course discretion is used in the selection of names—has in his portfolio a real liquid asset, which, even in times of greatest stress, is naturally and automatically converted into cash, affording him the comforting assurance that he can depend upon this as a positive source of funds with which to meet even the extraordinary demands of his depositors at short notice.

DEVELOPMENT OF CALIFORNIA

*By Stoddard Jess, President California
Bankers' Association, President Los
Angeles Clearing-House Associ-
ation, Vice-President First
National Bank, Los
Angeles*

THE development that has taken place in California since the formation of this association has been phenomenal, and the expansion of the business of banking has kept pace with the development in other lines.

In 1891 there were only 246 banks of all kinds in the State, with total deposits of \$238,678,784.73; and to-day we have 732 banks with total deposits of \$769,926,108.92,—an increase of three hundred per cent. in number, and three hundred and twenty-two per cent. in amount of deposits.

While the progress shown is great, California has only begun to develop. The influence of our favorable climatic conditions and our varied products, which make for health and happiness, has called the attention of the world to us, and is only beginning to be felt.

The effect of the opening of the Panama Canal on the future of California cannot be over-estimated. Distribution of products has ever been one of the world's greatest problems, and the cost of transportation has been and is one of industry's severest handicaps.

With the market for its products so far removed, the cost of transportation has been a heavy charge on the

industries of California. With the opening of the Panama Canal this will be changed in a marked degree. California will be brought over nature's great highway thousands of miles nearer our Eastern seaboard and the countries of Europe, and as a result, transportation charges will be reduced from one-half to two-thirds. Direct connection with the countries of the south of Europe will bring many to labor in our orchards and vineyards, and tend to solve our labor problem.

BANKERS BROADENING OUT

By William H. Doyle, President Arizona Bankers' Association, Assistant Cashier The Bank of Arizona, Prescott, Arizona

TWENTY years ago, one of the foremost bankers of the State of New York told me that the mind of the average banker traveled in a groove no wider than the blade of a knife; and, looking back to that time, I believe he spoke the truth; for, too often the world of the city banker was bounded by the four walls of his institution, and he made little or no effort to cultivate his country correspondent. If he met him at all, it was on one of the country banker's periodical visits to the city and never in his own environment.

But conditions and ethics of banking have changed and to-day we find more cordial relations and a better understanding existing between the metropolitan and interior bankers, which have been brought about, largely, through the influence of the State associations, whose annual sessions, as well as those of neighboring States, furnished the opportunity of getting together at least once a year to renew and extend acquaintanceships and cultivate that good will which, though poor collateral, is a mighty factor in facilitating the handling of business.

THE PROMOTER AND THE BANKER

By E. S. Wangenheim, President Bank of Newman, Newman, Cal.

THE banker's relation to the promoter is perfectly clear and plain. There is no middle way. The banker must act as the protector of the finances of his section and must use his every endeavor to prevent the people from being fleeced when approached upon these promotion propositions; he must look into it very carefully, inquire into its every feature and under no circumstances, even accept an account from anything that does not look absolutely straight and above board.

He must discourage the purchase of stock by anyone asking him about it, unless absolutely convinced of the merit of the proposition. He must so inform the stock salesman, and must give him to understand that he will not be a party to his schemes. Let the other fellow do it, and when the inevitable collapse comes, you stand out as an example of probity and financial acumen.

TRAINING FOR THE PRACTICE OF THRIFT

By Frank C. Mortimer, Cashier First National Bank, Berkeley, Cal.

ONE of the most glaring defects of our present educational system considered as a means of preparation for life's work is the lack of any general and systematic training in the practice of thrift. For a people as practical as we are the omission of any such provision is significant. It points to the fact that our boundless natural resources and the countless opportunities for making money have lulled us into a false security. The future seemed so assured it appeared hardly worth while to stint ourselves in the present.

But this is the gambler's attitude toward life, and education, drawing upon the wisdom of experience, should fur-

nish the corrective. Experience teaches that success in life depends not so much upon the ability to make money as on the ability to save it.

But in educating our children we seem to go upon the assumption that the very reverse of this is true. Or do we go upon the assumption that children who have spent the most impressionable part of their lives in careless disregard of thrift will suddenly, and, as it were, overnight, become frugal and provident? If so we are making a grave mistake. Thrift does not come at our beck and call, nor can it be slipped on or off like an old coat. It is established by practice rather than by theory, by example rather than precept.

Thrift, to become a fixed habit must be practiced with regularity and be given an opportunity for exercise over an appreciable length of time. And unless it becomes fixed as a habit it is of comparatively little value. Spasmodic saving followed by spasmodic extravagance makes for ruin as surely as does habitual improvidence.

Great as is the value of thrift from the point of view of economics yet its value is not limited wholly to that field. The training afforded by its practice calls for the exercise of qualities that are predominantly moral in their character. Thrift means self-control. It means self-mastery. It means that we must learn to forego immediate pleasure for the sake of some more distant good.

This is perhaps the most difficult lesson that life has to teach. And the boy who has learned to deny himself the trinket, that tempts from the shop window, in order that he may later achieve an end more difficult of realization has accomplished more in the formation of character than is easily measurable. The thing to be borne in mind therefore is that thrift prompts to industry and encourages self-reliance.

The prevailing spirit of social unrest engendered in modern mental and physical conditions and which appears to be gaining marked headway, could be partially moderated if the earning

power of money was better understood by all classes. Our children and our children's children should be taught that what they earn and save is theirs, and that what their money earns is theirs. Their thoughts should be diverted from the channel which contemplates the acquirement of wealth in any other manner.

CROSSED CHECKS

By R. M. Welch, Vice-President, Savings Union Bank and Trust Company of San Francisco

DEPOSITORS [in English banks], to protect themselves against their checks falling into the hands of and being collected by persons other than those for whom they are intended, resort to what is termed "crossing": Two parallel lines are drawn diagonally across the face of the check, and this is notice that the check is to be paid only to a banker who has undertaken to collect it for the payee, who is personally known to him. This in effect is a guarantee that the proceeds of the check will be received by the person entitled thereto. This is termed a "general crossing."

When it is desired that a check shall be collected only through a certain bank, the name of that bank is written between the two parallel lines and the check is said to be "specially crossed."

PERSONALITY AS AN ASSET IN BANKING

By Wm. H. Wallace, Vice-President Exchange National Bank, Long Beach, Cal.

SELF-CONFIDENCE in a banker of course is as necessary as for a man in any other line of business. Confidence in one's self. Confidence in his institution. Confidence begets confidence. Egotism, the "swell-head," and an air of superiority does not figure here. These traits in a man in-

variably repulse a customer. The autocrat may wonder in these days of keen competition why the new banker in town gets the business.

There probably is no other line of business where personal friendship counts for so much as in banking. The merchant may "cut prices" and draw trade. The butcher keeps on selling

his meats regardless of the continual advance in the price of this commodity, because meat, apparently, the world must have. But the banker deals in money, the same hard gold and filthy paper the United States over. What has he to offer, then, that will attract business and hold it? His personal attention.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

DIRECTORS

LIABILITY — FALSE STATEMENT — PURCHASER OF STOCK.

Supreme Court of the United States, March 18, 1912.

THOMAS vs. TAYLOR.

The directors of a national bank included in a report of its condition assets which the Comptroller of the Currency had directed to be collected or charged off, and relying upon such report the plaintiff bought stock in the bank, upon which he had afterwards to pay an assessment. *Held*, that the directors signing such report were liable to the plaintiff for the loss incurred by him.

IN error to the Supreme Court of New York.

This action was brought against three of the directors of the Citizens National Bank of Saratoga Springs for attesting a false report of the condition of that bank, whereby the plaintiff was deceived and induced to purchase thirty shares of the stock of the bank at par, which the stock would have been worth if the report had been true; but because the capital stock was, in fact, impaired, the plaintiff was compelled to pay an assessment of 100 per cent. upon the stock so purchased by him.

Prior to March 1, 1904, the Comptroller of the Currency informed the directors of the bank by letter that certain specified assets, amounting to

\$194,107.02, must be regarded as doubtful, and that immediate steps should be taken for their collection or removal from the bank. Of such letter the defendants had knowledge. On April 8, 1904, pursuant to a call of the Comptroller, a report of the condition of the bank at the close of business on March 28, 1904, made in regular form, verified by the cashier of the bank, and attested to be correct by each of the defendants, was published as required by law. In such report were included as a part of the resources of the bank the doubtful assets to which the attention of the defendants had been called by the Comptroller. The report also stated that the capital stock of the bank was \$100,000; that there was a surplus of \$50,000; and that there were undivided profits of \$13,456.75. This published report was not seen by plaintiff, but its contents were communicated to him, and relying on the same, he purchased, in the early part of June, 1904, thirty shares of the stock of said bank for the sum of \$4,800. On June 27, 1904, the bank received notice from the Comptroller that its capital had become totally impaired, and that the same must be supplied by assessment upon the stockholders. Immediately thereafter such assessment was ordered, and the plaintiff paid \$3,000 on account of the stock he had recently purchased.

McKENNA, J. (omitting part of the opinion): It is [contended] that the statement was not voluntary, having been made under the command of the national banking act, and therefore an element of the action of deceit is wanting; and that such act requires "proof of something more than mere negligence and recklessness; nothing short of an intentional violation will suffice."

Yates vs. Jones Nat. Bank and other cases are cited to support the contention. The contention goes beyond what was said in Yates vs. Jones Nat. Bank. The language there is "that where by law a responsibility is made to arise from the violation of a statute knowingly, proof of something more than negligence is required,—that is, that the violation must in effect be intentional." Not, therefore, that as a condition of liability there should be proof of something more than recklessness,—not that there should be an intentional violation,—but a violation "in effect" intentional.

There is "in effect" an intentional violation of a statute when one deliberately refuses to examine that which it is his duty to examine. And such was the conduct of plaintiffs in error in this case. They had notice from the Comptroller of the Currency that \$194,000 of the items counted as assets of the bank were doubtful and should be collected or charged off. This "was a direct warning to them," as the trial court said, "by the bank."

The plaintiffs in error, indeed, are quite at pains to show that representation, to be actionable for deceit, must not only be false, but must be known to be false. In other words, to quote from their brief, "To sustain an action for deceit, not only falsity but knowledge of falsity of representation must be shown"; and for this New York cases are cited. In another part of their argument they say actual knowledge is not necessary, but that the action may be supported if reckless inattention has made the injury possible.

NATIONAL BANK

POWERS—ACTING AS TRUSTEE—ASSIGNMENT OF JUDGMENT TO.

Supreme Court of the United States, Feb. 19, 1912.

WILLIAM MILLER VS. WILL R. KING.

Substituted for the First National Bank of Fayette, Idaho.

While a national bank may not act as a technical trustee and hold land for the benefit of another, yet, in virtue of the authority to "exercise all such incidental powers as shall be necessary to carry on the business of banking," it may act as a fiduciary and occupy a trust relation in matters connected with that business.

It has power to take an assignment of a judgment for the purpose of collecting the money thereon and holding the same on deposit to the credit of the owner of the judgment.

IN error to the Supreme Court of Oregon.

A man named Helmick received a judgment against one Porter, and this judgment was assigned by Helmick to the First National Bank of Fayette, Idaho, which executed an instrument reciting that it would hold any money collected subject to the order of Helmick. At the time of making the assignment, Helmick gave verbal instructions to pay part of the money when collected to Lauer. The bank placed the judgment in the hands of Miller, who collected the money, and, claiming to act as attorney for Helmick, paid over the proceeds to the Moss Mercantile Company, which asserted that the cause of action had been transferred to it prior to the rendition of the judgment. The contention of the plaintiff in error was that a national bank could not act as trustee of an express trust, so as to be able to institute and maintain a suit under the statute of Oregon, which provides that the trustee of an express trust may sue without joining the person for whose interest the action is prosecuted.

LAMAR, J. (omitting part of the opinion): A national bank cannot act as a technical trustee and hold land for the benefit of third persons. It cannot, for example, act as trustee under a railroad mortgage, nor take title to prop-

erty to be held for the life of the grantor, with remainder to his children. Every such transaction would be voidable at the instance of the government. (*Kerfoot vs. Farmers' & M. Bank*, 218 U. S. 281.)

But under Revised Statutes § 5136, "it may exercise all such incidental powers as shall be necessary to carry on banking," and it may therefore act as a fiduciary and occupy a trust relation in matters connected with that business. It may do those acts and occupy those relations which are usual or necessary in making collections of commercial paper and other evidences of debt. It is both usual and proper for the legal title to negotiable instruments to be vested in a bank by mere indorsement for purposes of collection, holding the proceeds as the indorser directs. There is no difference in law if the title is conveyed by a lengthier and more formal instrument. In both cases the bank takes the legal title for the purpose of demand and collection. In a proper case, there is no reason why it might not go further and institute suit thereon in its own name for the recovery of what may be due. If the transfer was made, or the suit was being maintained, for purposes not authorized by the charter of the bank, and if the defendant was in a position where his rights were prejudiced thereby, it would be incumbent on him to raise that defense at the outset of the litigation, or as soon as he learned that fact.

In this case the assignment was made in order that the bank might collect the money, pay part to Lauer, and, in effect, hold the balance on deposit to the credit of Helmick. The judgment was not transferred to the bank for the mere purpose of enabling it to bring suit in its own name. At the time of the transfer no suit was contemplated, and, indeed, none was necessary, because the money was immediately paid by Porter. Suit only became necessary when the amount collected by Miller was later improperly paid over by him to the Moss Mercantile Company. There was nothing in this transaction which was so disconnected with the

banking business as to make it in violation of Rev. Stat. § 5136, even if the defendant could raise such question. (*Kerfoot vs. Farmers' & M. Bank*, supra.) The laws of Oregon permitted an action to be maintained by the bank in its own name. There is no Federal question before us which authorizes a reversal, and the judgment is affirmed.

BANK MANAGER

ALTERATION OF NOTE—WHEN BANK BOUND.

Court of Errors and Appeals of New Jersey.

BODINE VS. BERG ET AL.

When the general manager of a bank accepts for the bank a promissory note, payable to its order, with surety, in the place of one then held without surety, and as a part of the transaction of acceptance alters the date of the new note to correspond with that of the note surrendered, the bank is chargeable with the act of its officer as one done in the course of the business of the bank by a general agent; and it cannot, as to non-consenting obligors, rely upon the altered note as evidence of the indebtedness, and at the same time disavow the act of its officer and agent, and claim his action to be that of a stranger, or beyond his authority.

The bank is chargeable with the general manager's knowledge of the fact that it holds a note which has been altered by its general manager; and if, with this knowledge, it accepts payments on account of the note, and subsequently assigns the note as altered, such acts amount to a ratification of the act of the manager in altering the note.

THIS was an action upon two promissory notes. The facts and points decided are stated in the official syllabus above.

BANK BUILDING

ERECTION OF NEW BUILDING—INJUNCTION.

Supreme Court of the United States,
March 11, 1912.

LEWIS P. WINGERT VS. FIRST NATIONAL BANK OF HAGERSTOWN.

In the absence of bad faith, the court will not revise the judgment of the majority of the directors of a national bank on a question of policy.

A national bank may lawfully turn its building to the best account by adding upper stories to let as offices.

THIS was a bill to restrain a national bank, its directors and a contractor employed by them, from pulling down the bank building and erecting a six-story building in its place—the first floor to be used for banking purposes, the other floors to be let for offices. The plaintiff was a holder of stock in the bank, and alleged that the intended construction was *ultra vires* and commercially unwise. The circuit court dismissed the bill on the ground that, in the absence of bad faith, it would not revise the judgment of the majority of the directors on the question of policy, and that a national bank lawfully might turn its building to the best account by adding upper stories for offices to let. The circuit court of appeals affirmed the decree on the opinion below. Pending the litigation the new structure was finished. The supreme court held that as the case was not one in which the bill could be retained for the assessment of damages the bill was dismissed.

STOCKHOLDERS

LIABILITY—FOR WHAT DEBTS—DEPOSITORS.

Supreme Court of South Carolina, March 27, 1912.

J. H. WILKES ET AL VS. ARTHUR ET AL.

The holders of certificates of deposit are depositors within the meaning of the provisions of the constitution of South Carolina, providing that stockholders of banks shall be liable to depositors in a sum equal to the amount of their stock over and above its full value.

THIS was an action against certain persons as stockholders of the Peoples Bank, an insolvent corporation, which had been doing business at Union, S. C.

GARY, C.J. (omitting part of the opinion): The next question that will be considered is whether his honor the circuit judge erred in ruling that the

holders of time certificates were depositors of said bank within the meaning of the Constitution and statutes, making stockholders liable to depositors of banks. Section 18, art. 9, of the Constitution, is as follows: "The stockholders of all insolvent corporations shall be individually liable to the creditors thereof, only to the extent of the amount remaining due to the corporation, upon the stock owned by them: Provided, that stockholders in banks or banking institutions shall be liable to depositors therein, in a sum equal in amount to their stock, over and above the face value of the same." The framers of the Constitution did not contemplate fine-spun distinctions between those depositing money in the bank, subject to draft, and those receiving time certificates for their deposits; nor the characteristics of a certificate of deposit and those of a promissory note. It makes no difference how much similarity there may be between a time certificate of deposit and a promissory note, it does not prevent the person receiving the certificate of deposit from still occupying the relation of a depositor. No authority has been cited, and we do not believe any can be found, sustaining the proposition that a party depositing money in a bank in the usual course of business, and accepting a time certificate, is not to be regarded as a depositor.

SAVINGS BANK

NOTICE TO DEPOSITORS—FOREIGNERS.

Supreme Court of Errors of Connecticut, March 7, 1912.

DININI VS. MECHANICS' SAVINGS BANK OF WINSTED.

A savings bank depositor, by accepting and using a deposit book containing a statement on the cover requiring him to carefully read and preserve the book and give immediate notice of its loss, and containing printed by-laws, is presumed to know its contents, and impliedly contracts to make his deposits according to such regulations, even though he be a foreigner, unfamiliar with our laws and language.

A rule of a savings bank, exempting it from liability for fraud practiced upon it in withdrawal of money on forged signatures, does not relieve the bank from its duty to use reasonable care to prevent payments to the wrong person.

RORABACK, J. (omitting part of the opinion): The plaintiff, by accepting from the bank and using, as he did, the deposit book in question, with the by-laws printed therein, is presumed to know their contents, and impliedly contracted to make his deposits according to their terms. (*Chase vs. Waterbury Savings Bank*, 77 Conn. 295, 299, 300; *Donlan vs. Provident Institution for Savings*, 127 Mass. 183.) Counsel for the plaintiff in his brief and in his argument contended that his client was a foreigner, unfamiliar with our laws and language; and that the rules of the defendant bank should not be allowed to operate as any defense for the payment of his money to a stranger, without proof that specific notice of such rules had been given him.

Savings banks are obliged to deal with a large number of depositors, most of whom are strangers to its officers. They are unable to identify their depositors personally, and sometimes there is danger of collusion by the payment of forged orders, apparently genuine, accompanied by the deposit book. These rules are made for the benefit of the common fund of the bank in which every depositor has an interest. The fact that the plaintiff in this case was a foreigner, who may have been unfamiliar with our laws and language, does not control the presumption that he had knowledge of the rules of the bank. (*Donlan vs. Provident Institution for Savings*, 127 Mass. 183.) But the rules of the bank printed in its passbook, relieving it from liability from any fraud practiced upon it in withdrawing money by means of forged signatures, do not relieve the bank from its duty of exercising reasonable care to prevent payments to the wrong person. (*Chase vs. Waterbury Savings Bank*, 77 Conn. 295, 300, 301.)

NATIONAL BANK

PURCHASE OF STOCK—POWERS OF CASHIER—POWER TO SELL STOCK.

Supreme Court of California, March 2, 1912.

MCBOYLE ET AL VS. UNION NATIONAL BANK ET AL.

Generally speaking, the cashier of a bank has greater inherent power than any other corporate officer.

While a national bank may not deal in stocks, it may take them to satisfy a disputed or doubtful claim or under foreclosure of a pledge.

Under a by-law authorizing the cashier to do "whatever may be necessary in the management of the business of the bank," he may sell stocks which have been pledged to the bank and bought in by it.

THIS action was brought to recover the value of certain stock which the bank had taken as collateral security, and which was afterwards sold by the cashier.

Per curiam:

"Various points are raised, but we think it will be unnecessary to consider anything beyond the attack by appellants upon the finding that Palmer exceeded the scope of his authority as cashier in undertaking to sell the stock in question. In view of the findings negating fraud, the only ground upon which the bank could repudiate the sale to McBoyle, and the subsequent pledge, was the want of authority in Palmer to sell. If, in law and in fact, he had such authority, title to the stock passed by the sale, and the pledgor was entitled, upon tender of the amount for which he had pledged the shares, to a return of the certificate.

"The powers of the cashier of the defendant bank were defined in its by-laws, a part of which read as follows: 'The cashier shall have power to discount and purchase bills, notes and other evidences of debt, to buy and sell bills of exchange and to issue certificates of deposit. He shall have general charge and supervision, subject to the advice and control of the president and directors of the affairs of the bank, and shall be generally authorized to do whatever may be necessary in the management of the business of the bank.' * * *

"The extent of the authority of a bank cashier has been considered in many cases. Generally speaking, he has 'greater inherent powers than any other corporate officer.' 2 Cook, Corp. § 718. He has 'full charge of the bank's personal property, except so far as withdrawn from his control by the bank or by the directors.' Morse on Banking, § 157; Wild vs. Bank, 3 Mason, 505, Fed. Cas. No. 17,646. He is the 'executive officer, through whom the whole financial operations are conducted.' First Nat. Bank vs. Greenville, etc., Co., 24 Tex. Civ. App. 645. That he may negotiate and transfer, on behalf of the bank, negotiable paper owned by it, is universally held. Morse on Banking, § 158.

"The respondents contend, however, that the authority of the cashier, as such, does not extend to the disposition of the real property belonging to the bank, or of any personal property so belonging, other than negotiable paper. At the same time it is conceded that he has power to sell property mortgaged or pledged to the bank, as a means of collecting a debt due it. If we assume the correctness of these propositions, what is the basis of the distinction between a sale of property owned generally, and a sale of property held under mortgage or pledge to secure the payment of a debt? Undoubtedly it is that acts which are beyond the scope of the ordinary business of the bank, acts, that is to say, which call for the exercise of judgment or discretion affecting the policy to be pursued, are to be performed by or under the mandate of the directors, while acts which are included in the ordinary business are properly to be done by the cashier. The latter class of transactions is the one comprised in the provision of the by-laws of this bank, authorizing the cashier to do 'whatever may be necessary in the management of the business of the bank.' The sale of property held by the bank for investment or similar purposes is not a part of the ordinary business of the bank. On the other hand, the collection of debts due it is clearly a part of its ordinary busi-

ness, and hence such collection, together with any acts incidental or necessary to such collection, may properly be carried on by the cashier under his inherent authority.

"If we apply this rule to the situation disclosed by the record in the case at bar, we cannot doubt that the sale of the stock in question was within the scope of Palmer's authority as cashier. The 599 shares of the stock of Burnham-Standeford Company had originally been pledged to the Union National Bank as security for a loan. After so holding them for some years, the bank, in 1904, acquired the legal title to the stock by virtue of a sale made in proceedings in insolvency brought against the pledgor. The defendant bank was organized under the act of Congress as a national bank. As such, it had no powers beyond those specified in the act under which it existed, and such other powers as were necessarily incident to those expressly given. The act does not give power to deal in stocks, nor is such power incidental to any of the functions conferred. 2 Morse on Banking, p. 1310; Weckler vs. Bank, 42 Md. 581, 20 Am. Rep. 95; First Nat. Bank vs. Nat. Exch. Bank, 39 Md. 600; First Nat. Bank vs. Nat. Exch. Bank, 92 U. S. 122, 23 L. Ed. 679. By this is meant, not that a national bank may not take title to stocks in compromise of a disputed or doubtful claim, or take them in pledge, or purchase them with a view to protecting or satisfying a claim secured by such pledge. The taking in each of such cases would be merely incidental to the business of making loans, etc., for which the bank is organized. What is prohibited is the purchase for speculation or investment, or the purchase and sale on commission. It would follow that where a national bank had bought stock pledged to it, its duty would be to dispose of such stock as soon as a sale could, to proper advantage, be made. In fact, in this case there was evidence that the national bank examiners had criticised the defendant bank for retaining this stock so long. The only proper pur-

pose of taking the stock was to enable the bank to realize upon its loan. The resale of such stock may properly be regarded as one of the steps taken in the process of collection. A sale under these circumstances was, therefore, we

think, a part of the ordinary business of the bank, or, to use the language of the by-laws, it was an act 'necessary in the management of the business of the bank.' As such it was within the powers of the cashier."

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto]

SECURITIES TAKEN BY BANK

TOWNSEND VS. NORTHERN CROWN BANK

(3 O. W. N., p. 1105.)

STATEMENT OF FACTS: This was an action for the benefit of creditors of Joseph E. Brethour to set aside certain securities given by Brethour to the defendants as security for his indebtedness to them.

JUDGMENT (MEREDITH, C.J.): The securities which are attacked are securities taken by the defendants under sec. 90 of the Bank Act, R. S. C. 1906, ch. 29, and assignments by Brethour of moneys payable to him under building contracts which he had entered into book-debts; and these securities were given within sixty days before the making of the assignment; and the plaintiff attacks them on several grounds.

The securities taken under sec. 90 of the Bank Act are attacked on two grounds.

It is contended that Brethour was not a person from whom securities under that section upon lumber could lawfully be taken, because, as is said, he was a builder, and not a wholesale dealer in lumber. The evidence does not support this contention.

It is also contended that sawn lumber is not a product of the forest, within the meaning of sec. 90.

In my view, the construction placed by Hall, J., on sec. 74, in the case of the Molsons Bank and Beaudry, was a correct one. In my opinion, the words "and the products thereof," in the fourth and fifth lines, apply to all the articles previously mentioned in the sub-section, and, therefore, apply to the products of the forest; and the

words "the products thereof," in the last line, apply as well to the products mentioned in the earlier part of the sub-section as to the products of live stock and dead stock.

Being of this opinion, it is unnecessary to express an opinion as to whether sawn lumber is a product of the forest, within the meaning of the sub-section; but I am inclined to think that it is.

It is further contended that, as the security under which the defendant's claim was given less than sixty days before the making of the assignment, it cannot prevail against the assignment. That security was, however, but a continuation of a former security of the like character held by the defendants for the indebtedness; and this contention, therefore, fails.

Some of the lumber upon which the defendants held security was manufactured into doors and window sashes and the like, and these products of the lumber covered by the securities. (R. S. C. 1906, ch. 29, secs. 88, 89.)

None of the other articles covered by the securities are within sec. 88 of the Revised Act; and the securities do not, therefore, extend to them.

Some of the lumber covered by the securities was used by Brethour in the erection of buildings; and, as far as the money payable under the building contracts assigned to the defendants represented the lumber so used, they are entitled to it.

The claim of the defendants to the book-debts cannot be supported.

If the parties cannot agree as to it, there will be a reference to the Master in Ordinary to determine what part of

Brethour's stock in trade at the time of the assignment, not being lumber, was the product of lumber covered by the defendants' securities, and what part, if any, of the moneys payable under the building contracts assigned represented lumber or the products of lumber covered by those securities.

As success is divided, there will be no costs to either party.

PROMISSORY NOTE—FAILURE OF CONSIDERATION

MERCHANTS BANK VS. THOMPSON.

(3 O. W. N., p. 1014.)

STATEMENT OF FACTS: This was an appeal by the plaintiffs from the judgment of the Divisional Court reversing the judgment of the trial judge. The facts are summarized as follows:

The plaintiffs sue as the holders of a promissory note for \$2,000 made by one A. H. Living and the defendants, in favor of one C. H. Fox, and by him indorsed to the plaintiffs' order. The note is in form joint and several. The action was brought against the two defendants alone, and no steps were taken by them to bring or cause the plaintiffs to bring Living and Fox into the action. They were, of course, not bound to do so unless they considered it material to their defence; but in one aspect of the case it might have been to their advantage to have had them before the court.

The * * * defences * * * that the note was made without consideration and was indorsed to the plaintiffs without consideration and after maturity, that the consideration for the note as between Fox and Living failed, and that at the time of the commencement of the action the plaintiffs' title was no higher than Fox's, and the note was held subject to the existing equities between him and Living, are those upon which the differences of opinion have arisen.

It is now beyond question, upon the evidence, that the defendants became

parties to the note as sureties for Living, upon a transaction between him and Fox for the acquisition by the former of a half share or interest in the business of manufacturers' agent, carried on by Fox in the City of Vancouver, and the formation of a partnership between them in the business. The nature of the transaction is to be gathered from the evidence of these parties and the memorandum of agreement signed by them. In effect, it was not the unusual transaction of a person purchasing his way into an established business, paying a bonus or premium to the owner, and entering into partnership with him, upon terms arranged between them.

The bonus or premium to be paid was \$2,000; but, as Living was unable to provide the money, and Fox was willing to accept the promissory note of the defendants, Living prevailed upon them to join him in the note in question. It is dated July 1, 1907, payable three months after date; and, therefore, fell due and payable on October 4, 1907. It was received by the plaintiffs from Fox on September 12, 1907, and has been in their possession ever since.

At the time when the note was received, the plaintiffs had under discount a note for \$500, made by Fox, dated September 4, payable in thirty days; but, beyond this, he was not indebted to the plaintiffs.

JUDGMENT (Moss, *C.J.O.*; MEREDITH, GARROLL, MCGEE; MACLAREN, *J.*, dissenting): The following is taken from the judgment of the Chief Justice.

There is upon the testimony a far from satisfactory account of the terms or conditions under which the note was left with the plaintiffs. Fox was positive that it was left for collateral and collection. The plaintiffs' manager would not use the term "collateral." He said it was left "for what it was worth," and the records show that it was entered in the collection and not in the collateral register. The learned Chancellor found as a fact that it was left as collateral security and also for

collection; while in the Division Court the learned Chief Justice said that, notwithstanding Fox's evidence, the impression made upon him was, that the note was indorsed to the plaintiffs merely for collection and not as collateral. The conclusion I have reached upon the question of consideration renders it unnecessary finally to decide between these conflicting views; but on the whole I incline to the latter. Even so, in my view, it still leaves the plaintiffs entitled to the judgment awarded to them by the Chancellor.

As indorsees for collection of the note they were entitled to a lien on it for debts that were then presently payable and from time to time thereafter becoming payable. The claim now made is in respect of an indebtedness of Fox, which became payable from and after November 24, 1908. Prior to that date, there was a period in which Fox was free from direct indebtedness, although there were some outstanding notes or drafts under discount; a time during which, according to the plaintiffs' manager, Fox was at liberty to take the note out of the plaintiffs' possession, had he chosen. But Fox did not take it away, and it remained with the plaintiffs until the debt now due and payable had accrued. And, unless something had occurred between Fox and Living, prior to November 24, which furnished the latter with a defence to an action on the note, the plaintiffs are entitled as holders to a lien or the amount of Fox's indebtedness to them.

The defense set up is want of consideration and total failure of consideration. Upon the evidence, it seems to me to be plain that there was good consideration for the note when it was given. Living obtained an interest in Fox's agency business which he then had and which he might thereafter acquire, and became a partner on equal terms with Fox. He was and acted as a partner for at least fifteen months, during which time he says he earned or became entitled to several thousand dollars as profits, and actually received about \$1,000 for his own use. He was

known to at least some of the customers or persons with whom or on whose behalf he and Fox executed commissions, and drafts in the firm name had been drawn upon some of them. Upon the facts, it would be impossible for Fox to deny that Living was a co-partner or legally to refuse him his rights as such. Neither could Living be heard to say, as against persons dealing with the firm, that he was not a partner. When, therefore, the note was received by the plaintiffs it was a note for good consideration, not overdue.

But, then, it is said that a failure of consideration accrued by reason of what took place between Fox and Living in July, 1908, when Living left the firm's place of business. What occurred at that time could have no greater effect than a dissolution of the partnership. If, as Living seems to think, it was a wrongful expulsion, that could not alter his right to be restored, or, if the conditions appeared to be such as to render impossible a continuance of the partnership, to a judgment for dissolution upon such terms as the circumstances justified. Whether Living considered that a dissolution was effected by what occurred, or considered that he was wrongfully expelled, he seems to have acquiesced and to have taken no steps either to be restored or to procure a taking of the partnership accounts.

The circumstances that Living paid or was paying a premium or bonus could make no difference in this case, where there was no stipulation or agreement as to the time of the duration of the partnership.

Whether through oversight or inadvertence, there was no agreement that the partnership should continue for a specified time or definite period. But that the partnership was in fact created; and, that being so, its subsequent termination would not create a total failure of consideration so as to affect its validity in the hands of either Fox or the plaintiffs; upon taking the partnership accounts, Living might be able to show himself entitled to a return of

part of the premium. The question is discussed at length in Lindley on Partnership, 7th ed., p. 625 et seq.

The defendants' difficulty in this case is, that they have not shown the circumstances attending the dissolution sufficiently to enable a decision to be given as to whether Living is entitled to a return of part of the premium. There are charges and counter-charges of misconduct on the part of Fox and Living, but they are not before the court; and it was for the defendants, if they desired to avail themselves of the defence of partial failure, to have put the case in proper train for inquiry. Neither is there material upon which can be ascertained what, if any, proportion of the premium should be returned, nothing to reduce the amount of the indebtedness as represented by the note. The burden of showing this was on the defendants, and it was not for the plaintiffs to show the state of the accounts. Payments, either by reduction of the amount of the premium or receipt by Fox of profits of the business, were to be proved by the defendants, and they failed to show either.

The appeal should be allowed and the judgment at the trial restored with costs of the appeal to the Divisional Court and this court.

HUSBAND AND WIFE

NOTES AND MORTGAGE GIVEN BY WIFE
TO SECURE DEBT OF HUSBAND.

UNION BANK VS. CRATE.

(3 O. W. N., p. 1018.)

STATEMENT OF FACTS: The facts in this case appear sufficiently from the judgment of Mr. Justice MacLaren for the Court of Appeal as follows:

JUDGMENT (MacLaren, J.A.): The defendants have appealed from a judgment of the Division Court dismissing their appeal from the report of the County Court Judge at Brockville, on a reference to him for trial of certain actions brought by the bank against

the defendants (husband and wife), based upon certain notes and a collateral mortgage, and upon an overdraft.

Before proceeding with the appeal, the defendants' counsel applied to this court for leave to adduce further evidence as to the circumstances under which the wife had executed the mortgage in question. They stated that this evidence had not been produced before the County Court Judge, as her counsel was then relying upon the law as laid down by the Supreme Court of Canada in the case of *Stuart vs. Bank of Montreal*, 41 S. C. R. 516, to the effect that the wife should have had the benefit of independent advice; and, in consequence, did not bring out the evidence that would have shown that the circumstances of this case were in fact similar to those on which the judgment of the Privy Council in the *Stuart* case (1911) A. C. 120, was based. The evidence taken before the referee, however, shows clearly that the facts of this case are widely different from those of the *Stuart* case. The moneys borrowed from the bank were in large part applied to the building of a large number of houses erected for the female defendant on her private property. She herself says that she was kept pretty well informed in the office as to the indebtedness, and she discussed the course of the business with her husband. She appeared to have taken a more than usually active part in looking after the business, on account of the ill-health of her husband during a portion of the time the account was current. The application to reopen the case and adduce further evidence may, I think, be fairly described as not only unusual, but extraordinary. The circumstances are not such as are contemplated by the rules, and no precedent was cited to us in any case at all analogous to the present, and I do not think any such precedent can be found. Not even a shadow of a case has been made out for a reopening.

It was next urged that the action on the mortgage was premature, inasmuch as some of the notes to which it was

collateral were current and had not matured when the writ in the mortgage action was issued on February 12, 1908. The mortgage was dated July 13, 1906, and set out that the defendants were indebted in the bank in the sum of \$31,674.70 on certain notes and \$3,778.75 on an overdraft, and that the mortgage was taken as collateral security for the payment of the said notes, or of those that might be accepted in renewal of or in substitution for them. It was made payable in one year from its date, with interest at the rate of seven per cent., payable every three months in advance.

I am of opinion that this objection ought not to be allowed to prevail. The defendants executed this mortgage under seal, promising to pay the amount on a day named, and such payment was seven months overdue when the writ was issued. At that time at least two of the notes, amounting in the aggregate to \$11,620.75, had been dishonored, and were still unpaid. Besides this, when the action was referred to the County Court Judge to take the accounts between the parties, it was well understood between them that the whole accounts were to be taken. When the parties appeared before the referee, and the counsel for the bank had stated the wide scope of the reference, the counsel for the defendants stated that he went a step further, and his understanding was, that not only all

matters arising in the actions, but anything else that might crop up, any outstanding differences between the parties, might be included in the reference, so that the reference might be a final adjustment of the dealings of the defendants with the bank. This was acquiesced in, and the parties proceeded with the reference on this basis, producing all their witnesses and documents. So that, even if the objection ever had any force, it was formerly waived, and the defendants would now be estopped from setting it up.

As to the merits of the report, a perusal of the evidence satisfies me that the learned referee allowed the defendants all that they were entitled to, and that the latter have failed to show error in the report in this respect. The accounts are very much confused by the fictitious entries made in the books of the bank, by the then manager, with the knowledge and connivance of the male defendant, to impose upon the inspectors of the bank and to keep his superior officers in ignorance of the real condition of the defendants' account. The defendants' counsel, however, has failed to show that they were entitled to any greater reduction than then made by the referee, and the present appeal from the judgment of the Divisional Court, which dismissed their appeal from the report of the referee, should be dismissed with costs.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

CASHIER—POWERS OF—RECEIVING STOCK IN PAYMENT

GRAND RAPIDS, MICH., May 10, 1912.

Editor Bankers Magazine:

SIR: A became indebted to Bank B, as an accommodation indorser upon the note of C. The cashier demanded payment of A, and after some negotiation, the cashier agreed to accept in payment from A a certificate for 100 shares of a manufacturing company, of which A is the president and principal stockholder, and A was directed to have the

certificate made out in the name of D and forwarded to the bank. This he did, but in a few days the certificate was returned from the bank, with a letter, in which it was stated that the directors had refused to approve of the arrangement. Can A hold the bank to the agreement made by its cashier?

X. Y. Z.

Answer: As a general rule, the cashier has no authority to receive anything but money in payment of debts

due to the bank. *First Nat. Bank of Lineville vs. Alexander*, 152 Ala. 585. A question very much like that mentioned by our correspondent was decided by the Supreme Court of Nebraska, in *Bank of Commerce vs. Hart*, 39 Neb. 197, 201. In the course of the opinion in that case, the court said: "The cashier of the Bank of Commerce, then, as the executive officer of the bank, was clothed with authority to collect all debts due the bank, but this means collections in money. If a cashier may discharge the debts due his bank by exchanging the evidences of them for stocks of an insurance company or a gas company, then he can, under the name and charter of the bank, conduct an entirely different business, and use the funds of his stockholders for a purpose for which they were never subscribed, and in violation of the law of the bank's creation. The purposes for which the Bank of Commerce was organized, as expressed in its articles of incorporation, were to receive deposits of money and pay the same out on paper vouchers; to loan money on personal security; to issue drafts or letters of credit; to buy and sell securities of every kind, and do a general banking business. Had this charter expressly provided that the corporation might invest its funds in stocks of insurance companies and deal generally in stocks of other corporations, such a provision would have been contrary to the laws of this State and void. But there is no provision in the bank's charter which by any reasonable construction can be construed into an authority to purchase and hold the stocks of any other corporation. True it says, 'to purchase securities of every kind,' but certificates of stock are not securities within the meaning of this provision, nor such as the word imports in commercial or banking phraseology. 'Securities,' as here used, mean notes, bills of exchange, and bonds; in other words, evidences of debt, promises to pay money. We conclude, therefore, that the cashier, by virtue of his office, had not the power to accept the stock of

the insurance company in payment of the debts due the bank, but that power, if it existed, was lodged in the directory, and as it had not expressly authorized the cashier thereto, he exceeded his powers in agreeing to accept, on behalf of his principal, the insurance company's stock in payment of the debt due from Hart to the Bank, and that the latter is not bound thereby."

BANK BUILDING—"SKY-SCRAPER" —RIGHT OF BANK TO ERECT

NEWARK, N. J., May 20, 1912.

Editor Bankers Magazine:

SIR: Will you kindly inform me whether the courts have ever passed upon the right of a national bank to put up a building of the sort ordinarily called a "sky-scraper"? It seems to me that in many cases the banks have gone much too far in this direction.

CONSERVATIVE DIRECTOR.

Answer: The location of a banking house is a matter of vital importance, and in the case of the large banks, the banking house is almost invariably located in a part of the city where land values are high. To erect on such land a building for the accommodation of the bank alone would be wasteful, and the only way in which the bank could save a heavy loss on the purchase price of the land is to put up a building from which it may derive rentals sufficient to pay a fair return on the investment. And hence it has been held that land purchased or leased by a national bank for the purpose of its business may be improved by it so as to yield the largest income and lessen its own rent. *Brown vs. Schleier*, 118 Fed. Rep. 981. And if it is in suitable financial condition, it may erect a building partly for its own use and partly to let out to tenants. But, of course, the investment in a banking house should not be out of proportion to the capital and business of the bank.

THE TELLERS OF A COMMERCIAL BANK*

By M. F. Bauer, Paying Teller of The American Exchange National Bank,
New York

THE development I have sketched shows how banking has been conducted in the course of the evolution of modern society, and what its principal activities have been in the past.

Generally modern banks are corporate enterprises, organized under State or Federal laws. These banks are required to have two officers—a president and a cashier. There may be also one or more vice-presidents and assistant cashiers. Each of these officers is elected or appointed by the board of directors, and has his designated functions to perform—prescribed and limited in some cases by law—under the supervision of the board. For instance, some of the functions of the president are to profitably but prudently invest and loan its funds by and with the advice, consent and approval of the directors; to direct the general policy of the bank with regard to the gathering of the money, soliciting new business, expansion of existing connections, etc. The promoting of new enterprises is confined to private bankers and to some trust companies. The functions of the cashier are such as the term denotes from the Latin, “cassa,” a box, a cash box; “cassier,” an officer who has charge of receipts and payments (moneys, checks, notes) of a bank or mercantile company. He is also the executive head of the interior management of the bank, of the clerks, its correspondence, and acts as secretary to the board of directors.

In the small country bank the cashier performs all the duties of his office with the public in person. He receives and disburses the cash, and has charge of the documents pertaining to loans, discounts and collections. As the bank grows and his time becomes more valuable, he gradually relinquishes these duties by deputing assistants to perform some of them, especially of transacting the cash business of the bank

with the public, while he himself devotes his time to supervisory and other executive work.

THE TELLER.

The representative of the cashier in this cash business is known as the teller. The word is derived from the Anglo-Saxon “Zählen,” to tell, to count; “Zähler,” a teller—a counter. A teller is therefore a counting official, and we find tellers not alone in banks but at assemblies where an election is being held and where the tellers are appointed to count the votes cast.

The bank officials known in this country as the paying teller and receiving teller are known in England as the paying cashier and receiving cashier, and in Germany they are known as the Zahl Cassierer and the Emphang Cassierer.

The business of the modern banks, especially in the larger centers, has assumed such proportions that the business with the public has had to be specialized more and more. The first step in this direction was probably a uniform division of the teller's work among a paying and a receiving teller, more commonly termed in the bank as the first teller and the second teller respectively. The paying teller paid all the checks over the counter and also examined all the signatures and endorsements of the checks received from the clearing house. He also certified or accepted the checks presented for that purpose. The receiving teller received all the deposits of cash made at the window and all remittances by mail from out-of-town correspondents; he also had charge of the collecting on notes held by the bank. As this work grew a new department had to be formed to take charge of the notes and out-of-town remittances, and this was known as the note teller's department or third teller. The paying teller's work at the window in the meantime

* Continued from the May number, p. 654.

grew to such an extent that he could no longer give sufficient time to the examination of checks received from the clearing house. So this work had to be given over to a new teller, known as the exchange teller. Then came the mail teller and the money teller and the foreign exchange teller; but then again other departments were created where the customary name of teller was not applied to the heads of the department. So we find the discount clerk, the loan clerk, the collection clerk, and the coupon clerk, etc.

This division and sub-division of de-

partments have been going on for some time and they are still continuing, but they have been made necessary on account of the great volume of business daily handled by these banks. Every part of the business has been specialized into a separate department so that to-day they bear out the character of our great department stores.

The first business of the banker is not to lend or pay out money but to gather it in on deposit from others; so the next paper will treat of the receiving tellers' department, which receives the cash deposits of customers.

INVESTMENTS

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CORPORATE ORGANIZATION AND MANAGEMENT

By Romaine H. Crosby, of the New York Bar

(Continued from the June issue)

THESE important questions settled, the preparation of the actual incorporation papers is in order. It is not in the province of this article to give the substance of the incorporation papers, neither would it be possible to do so, as the various States differ in their requirements, both as to form and as to the substance of such papers. In some States the incorporators sign an application for a charter or an agreement, and the State grants them a charter. In other States, the incorporators execute and file a certificate of incorporation. In the former case the granting of the charter constitutes the State's approval of the incorporation papers, and in the latter case the acceptance for filing constitutes such approval.

In referring to the foregoing documents I will speak of them as charters. Every charter contains the name of the company, its capitalization, the division of its capital stock into shares,

and what proportion of the shares shall be preferred and what proportion common, together with the statement of the nature of such preferences, all of which we have considered before. The business the company is chartered to carry on is set forth at length. This portion of the charter must be very comprehensive, so as to cover not only the business the company has in immediate view, but also all the kinds of business that it might in the future wish to undertake. Otherwise the company might find itself, when embarking upon a profitable line of business, confronted with the alternative of either amending its charter or running the risk of a suit from some stockholder for going beyond its charter.

THE CORPORATION'S POWERS.

In order to carry on its business the company must have certain powers which may be divided into two classes, called, for convenience, primary and

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secondary powers. Primary powers are the ordinary powers granted to the corporation by statute, such as the power to sue and be sued, to appoint agents and to make by-laws. These powers are specifically set forth in the statute and need not appear in the charter. Secondary powers are those powers which are not expressly given to a corporation by statute or which are given to it only on condition that they be set forth in the charter. Unless a power is expressly denied a corporation by statute, or unless the courts have decided that such a power is inconsistent with the laws of the State, such power may be given to the corporation by inserting it in its charter. The reader's attention is called to some of these powers. The corporation should have power to purchase, hold and vote on shares of stock in other companies. The statutes of some States expressly allow this, while the laws of others are silent upon the subject. Allied with this power is that of purchasing, holding and issuing shares of its own stock. Of course, a corporation can never vote its own stock. Unless the statute expressly prohibits or expressly grants these powers they should be set forth in the charter. The usefulness of the first power is apparent.

The second power is convenient in that it enables the company to accept a donation of its own stock, and to sell the same below par to raise working

capital. This is a very convenient method of financing a company. The entire capital stock is issued for property, then the organizers donate to the company a portion of the stock to be sold by it for working capital. The stock having been once issued can be sold at less than par, which would be impossible in the case of an original issue. If the company has not the power to hold and sell its own stock the transaction could only be carried out through a trustee. As real estate law is very technical, there should be inserted in the charter a power to buy, own and sell real estate. In case a maximum amount of realty is prescribed by statute that maximum should appear in the charter. These are the most important of the secondary powers, though some others will suggest themselves as the preparation of the charter progresses. It is a good rule to follow, that when in doubt as to the necessity of inserting a power in the charter to always insert it.

In addition to powers there are also certain provisions relating to the administration of the company's affairs and of its property, which, like powers may be in most States inserted in the charter. One important matter to be considered relative to the administration of a company's affairs is cumulative voting. The right of cumulative voting is the right of a stockholder to vote all of his stock in favor of the

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election of one director instead of casting one vote per share for each of the number of directors to be elected. Thus, if three directors are to be elected and four are nominated, a stockholder owning five shares of stock may, by cumulative voting, give fifteen votes for one director, where under the non-cumulative method, he would be obliged to distribute his fifteen votes among three candidates. Under the non-cumulative method, his candidate would receive only five votes from him, while under the cumulative method he would receive fifteen votes. This method is very important to allow a minority representation on the Board of Directors. Whether this is desirable or not is a matter to be considered in each individual case. Some States allow it by statute and other States allow it if inserted in the charter.

Coming to the question of the administration of the company's property, we will consider the charter provisions relating to the mortgage and to the sale of a company's property. Any company can mortgage its property, but the law of the different States differs as to whether or not the consent of the stockholders is required. In those States where the consent of stockholders is required, no contrary provision can be inserted. In those States, however, where the directors alone can authorize the mortgage it is customary to put a check upon them by requiring a consent of a certain proportion of the stockholders. If such a restriction is deemed wise it should be set forth in the charter. Sometimes it appears in the by-laws, but the disadvantage of such a method is that the by-laws are much more easily amended than the charter.

A corporation may sell its entire property to another corporation or to

an individual. Some States require the consent of a certain proportion of the stock. When that is fixed by law nothing can be inserted in the charter to the contrary. The laws of other States make no reference to such a sale. When this is the case it is wise to provide that either the directors can make such a sale or the action of the directors must be authorized by the vote of say a majority of the stock. The object of such a provision is to prevent a minority interest objecting to a sale and requiring to be bought off. This has happened many times and unscrupulous minorities have thus sold stock practically worthless for a very good price.

THE BY-LAWS.

After the charter has been prepared it is executed and filed with the proper officers and the organization and filing fees paid. While this is being attended to it is customary to prepare the by-laws or the rules for the conduct of the company's affairs. In these by-laws there are a few provisions requiring attention. In providing for notice of the annual meeting, the statute should be examined to see if notice must be given by publication. Some States provide that unless the by-laws otherwise direct such notice must be published. When this is the case, the expense of publication could be done away with by providing some other method of notice in the by-laws. Provision should be made for an executive committee and also for other committees. In large boards of directors an executive committee is a necessity, owing to the difficulty in getting a quorum. The function of an executive committee is to conduct the ordinary business of the company when the board of directors is not in session. Another provision of importance is that relative to the sign-

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ing of checks. If a single signature is to be used, the by-laws should provide that two or more officers can sign, so as to insure the presence of one officer at all times. If double signatures are to be used, it should, for the same reason, be provided that checks be signed by, say, the secretary or treasurer and countersigned by the president or by a vice-president.

In some States where the charter is granted upon an application the incorporators meet, pass upon and execute the application for the charter. They also may attend to any formalities required by the State as a prerequisite to the incorporation of the company.

THE INCORPORATORS' MEETING.

After the charter is granted the incorporators hold a meeting at the principal office of the company and proceed to take such formal action as may be required by law. The by-laws, of which we have spoken before, are adopted. Unless the charter states who are to be the directors for the ensuing year, the directors are elected. At this meeting it is customary to authorize the directors to issue the capital stock of the company. There should be presented to the meeting an offer from someone to sell to the company the property and good-will which is to be capitalized. The incorporators vote that the property is necessary for the company's business and authorize the directors to purchase it and pay for it in stock at par, if they think the property worth the price set forth in the offer. A form of corporate seal and of stock certificate is also adopted. As a matter of fact, like the by-laws, the

seal and stock certificate have been already prepared sometime before the meeting. At this meeting, the incorporators may attend by proxy.

THE DIRECTORS' MEETING.

After the incorporators' meeting comes the directors' meeting. The officers for the ensuing year are elected at this meeting and such formal business is transacted as is required by statute. If the company is to do business as a foreign corporation in any State, the directors authorize the officers to apply for the necessary licenses. There is presented the incorporators' action recommending the purchase of property and the directors declare that the property is worth the amount asked for it, and authorize the officers to issue stock at par to the vendor in payment for the property. If there is any contract relative to the property necessary it is approved, and the officers are authorized to execute it. At this point it is necessary to say that if the vendor is a director he should retire from the meeting and let the other directors authorize the purchase of the property, otherwise the action of the board is voidable at law. The reason for this is, that in law, while a stockholder may vote on questions in which he is pecuniarily interested, a director may not. To obviate this difficulty dummies, who have no interest whatsoever in the property, are often elected as directors, and as soon as the property has been transferred to the company these dummies resign, and the real persons interested in the sale of the property and in the corporation take their places. Both the incorporators' and directors' meetings



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are usually held without notice, notice being waived by each incorporator and director. Attached to the minutes of both meetings should be originals or copies of all documents presented at the meetings. The officers then proceed to file all necessary certificates, both in the State of the company's domicile and in any other States in which it is to do business. And now the company is ready to carry on its operations.

NECESSARY BOOKS.

A corporation in addition to the regular books of account kept in any business requires certain other books. First, there is the stock certificate book, containing stubs and certificates, numbered consecutively. The stubs should contain an entry of the date of issue of its certificate, to whom issued and whether issued in exchange for a former certificate or as an original issue. When this certificate is cancelled and another issued in its place, the cancelled certificate should be pasted to its stub and an appropriate entry made, stating the number of the new certificate issued in its place. It is pertinent here to say that if there is preferred stock there should appear upon the face of both the common and preferred stock certificates an extract from the charter defining the preferences. In that way, every stockholder when he receives the certificate will know exactly what his rights are, and future trouble, both for the stockholder and for the company, will be avoided.

The next book is a combination stock

book and stock ledger. In this book each stockholder has a stock account in his name, showing how much stock he has received, from whom he received it, to whom he has transferred it and the numbers of the certificates received and transferred. On the same page is a ledger in which the stockholder is credited with what stock he has received and debited with what he has transferred. In this way one can see at a glance how much stock each stockholder owns and also how much stock has been issued by the company. This book is not only required by law, but is also a great convenience, both at the time of the payment of dividends and at stockholders' meetings, as showing how many shares of stock each stockholder can vote. If this book is properly kept, there never can be an inadvertent over-issue of stock, for the reason that the sum of all stockholders' credit balances is the total amount of stock issued. Without this book it would be as difficult to ascertain the holdings of any one stockholder or of the total issue as it would be to ascertain a business' financial situation without a ledger. Every company should keep a minute book, showing the proceedings of meetings and especially those authorizing its officers to take any action. Some companies start out with a perfect minute book, containing the organization meetings, and then the entries become fewer and fewer and then cease entirely. The minutes are a protection to the officers for their official acts and to the company likewise. Typewritten

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minutes are most convenient and may either be pasted in the minute book or bound in a binder. The minutes of each meeting should show that the meeting was properly held and what action was taken on the matters brought before it. Deliberations leading to nothing and remarks made by those present should be omitted. Nowhere is the phrase, "actions speak louder than words," more true than in corporate minutes.

In preparing the minutes of a meeting, the secretary should state the time and place of the meeting, and whether it was a general or special meeting and whether held upon notice or upon a waiver. There should be set forth the names of the directors present, if a directors' meeting, or if a stockholders' meeting, the names of the stockholders present in person and a list of the proxies of absent stockholders. Then should appear who presided and, who acted as secretary. The notice of the meeting and proof of its service or the waiver should be recited. Record should then be made of the reading and approval of the minutes of the preceding meeting. After these preliminaries should follow what action the meeting took upon the various matters before it. When any important transaction is authorized, a concise and at the same time comprehensive resolution should be inserted in the minute book, as the person with whom the corporation is dealing will often require a copy of it. There should be attached to the minutes of each meeting a copy of the

notice of the meeting and proof of service or of the waiver, and of each document or contract presented to the meeting. The stock books, the account books and the minute book of a corporation should constitute its complete history.

REPORTS.

After a corporation has been in business for a while it will be required to file different reports with the State and local authorities, some for statistical purposes and others for the purpose of fixing the company's taxes. On or before March 1st of each year the Federal Government requires from all corporations a report showing their net earnings as of December 31st of the previous year. A corporation is taxed by the Federal Government upon all net earnings in excess of \$5,000 at the rate of one per cent.

In the preparation of all of these reports it is prudent, at least at first, to take the advice of counsel, as some reports, having a most innocent appearance, will, if improperly filled out, subject the company to a very large tax. It may also be said that all reports should be filed when they are required to be filed, for the reason that a company by delay may subject itself to a penalty.

In some States a corporation is taxed at a higher rate if it pays a dividend than if it does not. Some companies having only three or four stockholders often pay out their dividends in the form of salaries, and thus keep their

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taxation low. In one ferry company, a very wealthy man was carried on the payroll as a deckhand, though he had never washed a deck in his life.

One very important matter to be noted is the form of execution of corporate contracts and notes. These should be executed in the name of the company by one of its officers, as "Smith Manufacturing Company, By, John Smith, President," and not "John Smith, President of Smith Manufacturing Company." The former method of execution places the liability solely upon the corporation, while the latter places it solely upon the individual signing.

As the time approaches for the annual meeting of the company, its officers should prepare reports to be submitted to the stockholders and should take such other steps as are required by the laws of the State and by the by-laws of the company. This annual meeting should always be held, because at this meeting it is possible to ratify all of the acts of the directors and officers for the preceding year, and thus, in a measure, relieve them from personal responsibility for their official acts. Just here let me say that while a stockholder may vote by proxy at a stockholders' meeting, a director must appear in person at a directors' meeting in order to vote.

Sometimes an executor or administrator of a deceased stockholder presents to the company a certificate of stock properly endorsed for transfer. Before making the transfer the company should require a certificate from the proper court that the one presenting the stock is an executor or administrator. In some States the company should require in addition to this a consent to the transfer from the proper officials having charge of the inherit-

ance taxes. If such consent is not furnished, the corporation becomes liable to certain penalties. This is a matter which should be thoroughly explained by counsel, as it is impossible to formulate any general rule, as the various States differ in their laws upon this point. Companies organized in New Jersey and having a transfer office in New York are obliged to have a consent from a representative of the New York State Comptroller and one from the New Jersey State Comptroller.

These various formalities are not burdensome and are easily complied with, and the advantages of corporate organization more than compensate for their observance.

CONDITIONS AS THEY ARE

IN view of the present unrest of labor, and current discussion as to the proportion of earnings to which employees are entitled, the following figures are interesting:

The table below shows the number of persons employed, their wages and salaries, and their earnings for distribution in enterprises which include manufacturing, railroads, mining, merchandise, banking and agriculture:

Persons Employed.	Wages and Salaries.	Earnings for Distribution.
Manufacturing:		
7,405,313	\$4,365,613,000	\$2,219,472,000
Railroads:		
1,662,550	1,170,432,400	744,775,000
Mining:		
851,438	574,720,650	338,626,296
Merchandizing:		
2,072,112	1,191,464,400	921,366,392
Banking:		
358,808	430,569,600	215,285,277
Agriculture:		
12,561,936	2,300,993,068	2,412,855,450
Other occupations:		
10,558,265	5,329,848,600	3,627,199,400
35,470,422	\$15,363,641,778	\$10,479,519,815

The best information available indicates that the salaries of officials and clerks in manufacturing concerns average \$1,188 per annum, while the pay of wage-earners averages \$518; employees of railroads receive an average of \$704; those of mines about \$675; clerks and salesmen employed by merchants about \$575; and laborers in agricultural and allied industries about \$347. It is estimated that about 38.6 per cent. of our total population comprises persons actually engaged in gainful occupations, the average income of such being about \$738. The average size of an American family is 4.6, and the average family income, including wages earned, dividends, inter-

est, and profits, about \$1,292 per family.

One of the most interesting features developed is the proportion between the earnings in wages and salaries, and the earnings in dividends and interest from invested capital. Approximately fifteen billions of dollars are paid to persons for their services, and ten billions for the money they have saved and invested.

Of the average family income of \$1,250 seven hundred and fifty dollars represents wages and salaries earned and five hundred dollars represents dividend and interest disbursements, figured roughly. More than one-third of the family income is derived from its invested earnings.

THE OLD ORDER CHANGETH

By Gardiner S. Dresser, of John Muir & Co.

EXPERIENCE has taught the public. A cynic has said that the much praised sophistication of the public consists only in its having learned to buy on the breaks and sell on the rallies. If this were all, it were worse than nothing, for ready made rules in Wall Street, including even this rule, are often dangerous. Once a rule becomes established, manipulators play on it. The public has learned more; it has learned that it must study, and that it must study constantly. The public reads the financial pages of the newspapers and the financial departments which almost all of the weekly periodicals and many of the monthlies have established. The public subscribes to popular financial journals.

A RADICAL CHANGE.

With this study has come about a radical change in the attitude of the public trader in stocks. He has become content with smaller, safer profits. He has regulated his stock market ambition to his outside income. He has modified his motto from "Get rich quick" to "GET rich."

The public is not the only class which has changed in the last few years. "High Finance" has been suppressed. Corporation managers advocate and practice publicity.

The agents of the public have changed. Brokers who once feared to lose business by expressing the opinion that prices would go lower, are now generally more honest in their advices. Ethics aside, they desire successful, lasting clients, not unsuccessful, changing clients. Bucket-shops have been abolished. Facilities for small investors and speculators have been provided by New York Stock Exchange houses.

You may now buy through a New

THE BANKERS DIRECTORY

"THE RED BOOK"

In its twenty-ninth year and
BETTER THAN EVER

6% BONDS	ARE Six's, 10-year debentures based on select New York realty. \$100, \$500, \$1000, etc., Interest semi-annually.
	American Real Estate Company
	Founded 1883 Assets, \$24,134,240 Capital and Surplus, \$2,076 587 527 Fifth Avenue. New York

York Stock Exchange house one share, ten shares, ninety-nine shares or any amount; you may sell them just as readily. You may buy and sell these odd lots at the bid and offered prices of 100 share lots or at one-eighth of a point difference from the next sale after your order is entered. You may have your stock, when paid for, registered in your name and the certificate sent you.

INCREASING INTEREST.

Through all these changes, the public has become more directly interested in securities than ever before. During 1911, the stock market was dull; the Stock Exchange recorded the smallest total sales in thirteen years. Yet according to "The Journal of Commerce," the number of stockholders of 234 of the leading corporations increased 64,596, or seven per cent. This 64,000, you must note, is the year's change. It represents a balance between the new stockholders coming in and the old stockholders going out. It does not mean that there were only 64,000 new names added to the list. There might have been 164,000 persons who bought into the corporations and 100,000 who sold out their interest. Even the minimum of 64,000 means a large increase in new public ownership.

"The Wall Street Journal" last summer made a canvass of corporations whose aggregate capitalization is \$9,000,000,000. It found an increase in the number of stockholders in five years of 121 per cent. In ten years it was more than 280 per cent.

The 234 railroad and industrial corporations reported on by "The Journal of Commerce" are owned by 980,399 stockholders. The average holdings are

109 shares. The average holdings of the railroads are 139 shares; the average holdings of the industrial stockholders are eighty-nine shares.

In 1901, there were twenty-three large companies whose average number of shares per stockholder was less than 100 shares.

In 1906, there were thirty-two such companies.

In 1911, there were eighty.

BEARINGS OF THE INCREASE IN STOCK-HOLDINGS.

The increase in stockholding has a distinct political bearing. Because business men, stockholders in their own and other businesses, form a great majority of the voters, it will not do to attack business indiscriminately.

The increase in stockholding has a sociological bearing. It breaks down class distinctions. In these days when a railroad hand may own a \$100 bond, when the employees of the Steel Corporation regularly take an allotment of stock, the interests of capital and labor become closely allied.

Finally, the increase in stockholding has a financial bearing. "Distribution" once had an ominous sound in Wall Street, for then it meant the selling by pools of gambling insiders to a lot of gambling lambs. "Distribution" is still used in a speculative sense, but it has a broader meaning. The current passing of stock from the few to the many is strengthening the foundations of the market for securities.

When the number of stockholders has increased, either one of two things has happened. First, margin holders may have sold to cash holders. One man with \$100 may carry \$1,000 worth of stock on margin. It takes ten men with \$100 apiece to own the same stock outright. And, besides, the margin holdings of all the customers of a commission house are registered in one name, the broker's; while cash holdings are registered in individual names. If, then, the increase in stockholdings means that margin holdings have decreased and cash holdings have increased, the market has been strengthened in proportion

to the elimination of the risks of credit.

The other thing that may have happened when the number of stockholders has increased is the selling by a few large owners to many small owners. It is my opinion that this, too, has a strengthening tendency. Which is to be feared most, the two men who have between them 2,000 shares, which they may throw over for some cause or other, or the 200 men who have ten shares apiece? In a scare, in which case will the most stock be sold?

WHEN WIDELY HELD.

Last summer's decline in prices is conceded to have been caused by the selling of a comparatively few large holders of stock. The absence of investment selling by the public was noticeable. When it was asserted that the corporation whose securities are most widely distributed of any in the world was about to voluntarily dissolve, surrendering to political pressure, and when this rumor was not officially denied until it had spread over the two hemispheres, the wonder is that the small holders of these and other securities did not become panic stricken. Men who were bulls on conditions, who believed that only business prostration could justify the low level of prices

and who believed that business prostration was impossible, nevertheless hesitated to buy securities for fear that the 120,000 shareholders of the U. S. Steel Corporation might suddenly decide to sell. But they did not. An odd lot specialist reports that during the week of September 30, he sold stock for only nine investors. He reports, too, that he shipped more Steel to cash buyers than any other stock.

When the Government's suit against the Steel Corporation was actually filed on October 26, almost no liquidation from the odd lot owners of the stock accompanied the panicky break down to fifty for the common. Wall Street waited until Monday, October 30, to "hear from the country"; then concluded that there were some 120,000 stubborn investors in the land.

Nothing creates antagonism quite so much as losses in securities, even paper losses. The Steel Corporation stocks have in their short existence gone through a remarkable series of vicissitudes. Yet the Steel Corporation has behind it a huge body of friendly stockholders. They are friendly because they approve of the policy which has characterized the company—a policy of publicity, a policy of fairness.

DIVIDING IT UP

The following suggestions for properly diversifying an investment of \$5,000 are made by Messrs. Spencer Trask & Co.:

TYPE OF INVESTMENT

	Yielding about
\$1,000 Underlying Railroad Bond.....	4.25%
1,000 High-Grade Public Utility Bond.....	4.80%
1,000 Good Corporation Bond of Limited Market.....	6.00%
1,000 (10 shares) Industrial Preferred Stock.....	6.75%
1,000 Semi-speculative Bond of Active Market.....	6.00%
Average Yield About.....	5.56%.

TYPE OF INVESTMENT.

	Yielding about
\$1,000 Underlying Railroad Bond.....	4.25%
1,000 High-Grade Equipment Bond.....	4.50%
1,000 First Mortgage Railroad Bond.....	4.75%
2,000 High-Grade Public Utility Bonds (†).....	4.80%
Average Yield About.....	4.65%

† Each of these bonds to be a first mortgage on properties located in large cities in different sections of the country.

INVESTMENT AND MISCELLANEOUS SECURITIES

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 60 Broadway, New York.
(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	285	300
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So.R.R.)	175	...
Augusta & Savannah A. L. (Cen. of Ga.)	107	110
Beech Creek (N. Y. Central)	90	96
Boston & Lowell (B. & M.)	214	...
Boston & Albany (N. Y. Cen.)	220	223
Boston & Providence (Old Colony)	296	300
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	150	...
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	165
Camden & Burlington Co. (Penn. R. R.)	130	140
Catawissa R. R. (Phila. & Read.)	...	...
Catawissa R. R. 2d pfd.	...	...
Cayuga & Susquehanna (D.L.&W.)	205	215
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	...	...
Christopher & 10th St. R. R. Co. (M. S. R.)	130	140
Cleveland & Pittsburg (Pa. R. R.)	167	170
Cleveland & Pittsburg Betterment	96	100
Columbus & Xenia	205	208
Commercial Union (Com'l C. Co.)	100	110
Concord & Montreal (B. & M.)	155	162
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	139	...
Conn. River (B. & M.)	270	...
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound E. (Phila.&R.)	190	195
Detroit, Hillsdale & S. W. (L. S. & M. S.)	94	98
East Pa. (Phila. & Reading)	125	135
Elgin Av. St. R. R. (M. S. R. C.)	250	...
Elmira & Williamsport pfd. (Nor. Cen.)	142	152
Erle & Kalamazoo (J. S. & S.)	200	230
Erle & Pittsburg (Penn. R. R.)	135	140
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	128	138
Franklin Tel. Co. (West. Union)	110	115
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	230
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	262	268
Gold & Stock Tel. Co. (W. U.)	120	125
Grand River Valley (Mich. Cen.)	112	118
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	98	104
Illinois Cen. Leased Lines (Ill. Cen.)	93	97
Jackson, Lana. & Saginaw (M. C.)	81	86
Joliet & Chicago (Chic. & Al.)	150	165
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	78	81
K. C., St. L. & C. pfd. (Chic. & Al.)	105	130
Lake Shore Special (Mich. S. & N. Ind.)	420	...
Little Miami (Penn. R. R.)	210	212
Louisiana & Mo. Riv. (Chic. & Atl.)	125	150
Mobile & Birmingham pfd. 4% (So. Ry.)	70	80
Mobile & Ohio (So. Ry.)	80	87
Morris & Essex (Del. Lack. & W.)	170	174
Nashville & Decatur (L. & N.)	182	190
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	105	112
N. Y. & Harlem (N. Y. Central)	351	...
N. Y. L. & Western (D. L. & W.)	121	125
Ninth Av. R. R. Co. (Met. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	168	167
North Pennsylvania (Phila. & R.)	193	...
North R. of N. J. (Erle R. R.)	85	92
Northwestern Telegraph (W. U.)	110	118
Nor. & Wor. pfd. (N.Y.N.H.&H.)	210	...
Old Colony (N. Y. N. H. & H.)	188	191
Oswego & Syracuse (D. L. & W.)	205	220
Pacific & Atlantic Tel. (W. U.)	65	70

	Bid.	Asked.
Peoria & Bureau Val. (C.R.I.&P.)	170	180
Pitta. B. & L. (B. L. E. & C. Co.)	60	65
Pitta. Ft. Wayne & Chic. (Pa.R.R.)	167	170
Pitta. Ft. Wayne & Chic. special (Pa. R. R.)	150	165
Pitta. McKeesport, McWport & Y. (P. & L. E. M. S.)	129	132
Providence & Worcester (N. Y. N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	185	195
Rome, Watertown & O. (N.Y.Cen.)	126	130
Saratoga & Schenectady (D. & H.)	160	...
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	90	100
Sixth Av. R. R. (Met. S. R. Co.)	120	130
Southwestern R. R. (Cent. of Ga.)	110	112
Troy & Greenbush (N. Y. Cent.)	160	170
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	122	...
Utica, Chen. & Susq. (D. L. & W.)	144	150
United N. J. & Canal Co. (Pa.R.R.)	238	242
Valley of New York (D. L. & W.)	117	122
Warren R. R. Co. (D. L. & W.)	167	170

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr. & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	208	218
American Brass	134	140
American Chiclé Com.	223	228
American Chiclé Pfd.	103	108
American Coal Products Com.	59	97 1/2
American Express	210	220
Atlantic Fruit & Steamship	8	13
Atlas Portland Cement Com.	60	65
Babcock & Wilcox	100	103
Borden's Condensed Milk Com.	127 1/2	129 1/2
Borden's Condensed Milk Pfd.	106	109
Bush Terminal	75	85
Childs Restaurant Co. com.	185	195
Childs Restaurant Co. Pfd.	115	118
Del. Lack. & Western Coal	390	405
E. I. du Pont Powder Com.	175	180
E. I. du Pont Powder Pfd.	93	96
E. W. Bliss Com.	50	75
E. W. Bliss Pfd.	120	130
Gray National Telautograph	10	13
Hudson Companies Pfd.	55	65
Hudson & Manhattan Com.	18	21
International Nickel Com.	285	290
International Nickel Pfd.	105	107 1/2
International Silver Pfd.	127	132
Kings Co. E. L. & P.	132	134
Otis Elevator Com.	70	80
Otis Elevator Pfd.	101	103
Penn. Water & Power	65	69
Phelps, Dodge & Co.	228	231
Pope Mfg. Com.	25	32
Pope Mfg. Pfd.	75	79
Royal Baking Powder Com.	208	215
Royal Baking Powder Pfd.	108	110
Rubber Goods Mfg. Pfd.	104	110
Safety Car Heating & Lighting	119	121
Sen Sen Chiclet	112	120
Singer Manufacturing	283	288
Standard Coupler Com.	35	40
Texas & Pacific Coal	98	102
Thompson-Starrett Com.	...	...
Thompson-Starrett Com. (with ctf.)	165	...
Thompson-Starrett Pfd.	109	113
U. S. Express	95	98
U. S. Motor Com.	3 1/2	4 1/2
U. S. Motor Pfd.	13	14 1/2
Union Typewriter Com.	41 1/2	43 1/2
Union Typewriter 1st Pfd.	108	111
Union Typewriter 2d Pfd.	103	111
Virginian Railway	17	20
Wells Fargo Express	140	144
Western Pacific	9	11

NEW BUILDING OF THE BANKERS TRUST COMPANY OF NEW YORK

MODERN bank architecture has produced nothing so impressive as the new building recently completed for the Bankers Trust Company at Wall and Nassau streets, New York. Of course it is not quite accurate to call this a bank building—for it is much more than that, being really a great office building. But the desire to have an appropriate home for the Bankers Trust Company animated those who planned the structure, and the requirements of the company have dominated its construction to an important extent.

And perhaps this towering structure—so impregnable in materials and construction and so harmonious in design and proportion—should be regarded, not so much as a building of any kind, but rather as the expression in concrete form of great business ideals, consistently adhered to and patiently wrought out.

The floors devoted to the purposes of the Bankers Trust Company represents assuredly the last word in bank building and equipment, while the entire structure is one of the finest existing examples of modern business architecture.

Fittingly to describe this towering structure in detail would require a good-sized volume. It will undoubtedly form the subject of a number of technical articles in architectural and other magazines. It is impossible, in what is here said, to do more than notice some of the more striking features, particularly those that may be of interest to bankers.

A special article illustrating the vault construction, as designed by Mr. Frederick S. Holmes, the well-known vault engineer and expert, appears elsewhere in this issue.

INCEPTION OF THE WORK.

The Bankers Trust Company, about two and one-half years ago, finding the offices at 7 Wall street inadequate, and desiring

to obtain a permanent home, and one which might provide sufficient space for the rapid growth of the company, decided upon the erection of a new building. In order to obtain the very best results the following architects were requested to submit plans:

Messrs. Carrere & Hastings, Francis H.

Kimball, Warren & Wetmore and Trowbridge & Livingston.

George B. Post was retained as professional adviser, and prepared a prospectus, calling for a twenty-story building on a seventy-foot lot on the north side of Wall street, adjoining the Gillender Building, with an "L" extending around into Nassau street.

As a result of this competition, Messrs. Trowbridge & Livingston were awarded the execution of the work.

Soon after this the company, realizing the importance of obtaining a larger lot, made arrangements for the purchase of the corner property, and plans for the present structure, occupying a plot about ninety-five feet square, were

prepared. In order to obtain an adequate return for the value of the property, it was decided to erect a very tall building, affording, in addition to sufficient space for the offices of the company, many rentable floors.

The architects, on account of the shape of the lot and the height of the structure, decided that the problem would be best solved by treating the building as a tower, indicating on the exterior the offices of the company by a colonnade, and enhancing the beauty of the upper part of the building by a loggia and a stone pyramid, in place of the usual flat or mansard roof. The pure classic style was adopted, not only because of its great intrinsic beauty, but because it seems to indicate by its simplicity and dignity the highest standards, which this company always seeks to attain.

In the wrecking of the old building, as well as in the preparation of the founda-



TWENTY UPPER STORIES AND THE NINETY-FOUR FOOT PYRAMID SURMOUNTING THE FORTY-ONE STORY BANKERS TRUST COMPANY BUILDING. SINGER TOWER IN BACKGROUND.



WALL STREET ENTRANCE OF THE BANKERS TRUST COMPANY BUILDING, NEW YORK

tions, and the erection of the new structure, all previous records for rapid work were surpassed. On April 29, 1910, the work of demolishing the sixteen-story Guilder Building was commenced, and forty-five days later every vestige of it had disappeared. The work on the foundations was then commenced, caissons being sunk around the entire perimeter of the lot, which, when filled with concrete from the

solid rock sixty-five feet below the curb level, formed a permanent water-tight box with a wall seven feet thick. After this had been accomplished the earth in the interior was excavated, and the footings for the massive steel structure set in place.

This method of preparing the foundations not only produced a permanent water-tight wall, but enables the architects at any time to examine, without difficulty, the

condition of all the steel work which is contained within these walls.

The foundation work was completed about November 1, 1910, and the first steel columns of the new building were soon afterward in place. The entire steel structure, weighing in the neighborhood of 8,000 tons, was then carried up to its full height of 592 feet above the rock.

As a suitable material for the exterior of the building, New England's finest gran-

ite was selected. On account of the quantity required it was necessary to obtain this material from three different quarries. Owing to the fact that the stone drawings had been prepared by the architects well in advance, the contractors, Messrs. Marc Eidlitz & Son, were enabled to carry on this work at the rate of three and one-half stories per week.

The building, although covering the entire lot, with the exception of a small court



ELEVATOR CORRIDOR, ENTRANCE TO OFFICES FROM 14 WALL STREET, BANKERS TRUST COMPANY BUILDING, NEW YORK

in the rear, which has been left vacant above the fifth story, is thoroughly lighted on all floors.

It was the aim of the company to erect a building which, without sacrificing the attractiveness of the interior, should be thoroughly fireproof, and of the most durable and permanent materials. This aim has been carefully carried out, and although there is scarcely anything in the building, with the exception of the furniture, which could in any way contribute to a conflagration, the effect is simple and attractive.

The space occupied by the company's

The entrance to the rented floors of the building is on the west of the Bankers Trust Company's entrance, with a large corridor extending through to the Hanover Bank Building. The upper floors are served by eleven local and express elevators. All of these floors are finished with concrete floors, marble base, plaster and terra cotta partitions, and metal doors, window sash and trim, finished to represent mahogany. The walls of the elevator corridors on each story are finished in Botticino marble with Knoxville marble floors.

The pyramid at the top of the structure is about seventy feet square at the base and



FIRST FLOOR OF THE BANKERS TRUST COMPANY BUILDING, NEW YORK

offices in the basements, first, second and third stories has been designed, like the exterior, in a pure classic style. The walls, columns and banking screen of the main banking rooms on the first and second floors are of Tavernelle-Claire, a marble imported from the northern part of Italy. All of the metal work used in connection with these banking rooms, screens, and other divisions on these floors, is of a light colored bronze. There is a separate entrance in the center of the building on Wall street, with a broad staircase leading up to these banking quarters on the first floor. The various departments below and above are served by three large elevators, for the sole use of the company and its patrons.

ninety-four feet high, being covered with massive blocks of granite. It contains, besides a number of storage vaults, all the necessary tanks, ventilating ducts and other unsightly apparatus which so often mar the roofs of high buildings, where they are left exposed to view.

THE EQUIPMENT PROBLEM.

Thos. Bruce Boyd, who is known as a bank engineer and has qualified for that title by designing the interior arrangement and equipment of a number of the most successful banking plants in the United States and Canada, planned the banking quarters in the new building of The Bank-



MARBLE STAIRCASE, LEADING FROM FOREIGN EXCHANGE DEPARTMENT TO THE MAIN BANKING ROOM, BANKERS TRUST COMPANY BUILDING, NEW YORK

ers Trust Company, and also aided many of the tenants, who have rented offices in advance, to equip and furnish their quarters.

Mr. Boyd collaborated with the general architects of the building, Messrs. Trowbridge & Livingston, and the contractors, Messrs. Marc Eidlitz & Son, to work out the details of equipment in harmony with the requirements of every department of The Bankers Trust Company, as shown by experience in the present quarters, and with a view to future expansion. The employees really have at their disposal a scientifically-planned machine, rather than so many desks, chairs, counters and fixtures.

The equipment is planned with a view to future changes without disorganizing the office routine, in case it shall be necessary to provide more space for any department. What is known as the "unit form" has been employed; for example, if for any reason a department on the second floor should be moved to the third floor and expansion of the department on the second floor is necessary, all that would be needed is to take away the underbodies of the equipment and transfer them to the third floor and add new underbodies necessary for the expansion of the department on the second floor.

Also, the equipment has been planned so that all counters, desks, etc., are without cracks or crevices, through which papers might slip and be lost. All counters and desks are arranged with sanitary covers, readily permitting their dusting and cleaning, and cast bronze feet are provided, so that the cleaning will not mar the finish of the equipment.

Floors where the working force will have to walk are made of cork and are practically noiseless. The filing departments are so situated and equipped that papers can

the majority of the space has already been leased by prominent banking firms, bond houses and corporations.

All floors used by the trust company are intimately connected by pneumatic tube service and telephone service of the latest type.

Probably for the first time in the history of modern office buildings it has been possible to build the equipment of the building's tenants at the same time as the general construction. Usually it is the practice to design typical floor plans, and as



MAIN BANKING ROOM, LOOKING TOWARD ELEVATORS, BANKERS TRUST COMPANY BUILDING, NEW YORK

be instantly referred to and transported to any department by use of a complete pneumatic tube system.

The equipment used in the building is of a non-combustible character, thereby reducing the risk of fire to a minimum.

The floor plans reproduced herewith give a good general idea of how the space has been utilized and departments have been arranged. While the quarters are architecturally beautiful, as well as eminently practical, the work has been of the simplest character, the designs being chaste and free from excessive ornamentation.

The Bankers Trust Company occupies basements A and B, part of the entrance floor and all of the second and third floors for its own use. The remainder of the building will be available for tenants, and

tenants are obtained, to alter the interior arrangements to suit. As most of the space has been rented long in advance, and the tenants have retained the same specialist to plan their equipment as planned the equipment of the trust company's quarters, these tenants commence business in the new building with plants perfectly adapted to their requirements, and providing means for future expansion without the slightest annoyance or disarranging of their business.

GENERAL POINTS OF INTEREST.

Highest banking building in the world. Record time for construction of so great a building.

Footings of the gigantic steel columns are entirely waterproof, preventing corrosion—a unique feature.

Floors below street level free from foundation piers, due to remarkable cofferdam system of construction.

Strongest and heaviest vault ever constructed. (See special article elsewhere in this issue.)

Unique stepped pyramid roof of granite.

Consulting specialists have co-operated with the general architects to make every detail of equipment the "last word" in their respective departments.

Most complete pneumatic tube service ever installed in a banking institution; connects every department of the trust company, and also connects with the offices of the company's attorneys, Messrs. White & Case, on the twenty-sixth floor.

Every floor electrically connected with city departments.

Height of building above street level, 540 feet.

Number of stories 41, including basements A, B, C and D, and six stories in the pyramid.

Lot about 100 feet square.

UNIQUE PYRAMIDAL ROOF.

Base, 70x69 feet.

Total height, 94½ feet.

Twenty-three steps, three feet, nine and one-half inches high and one foot, four inches wide.

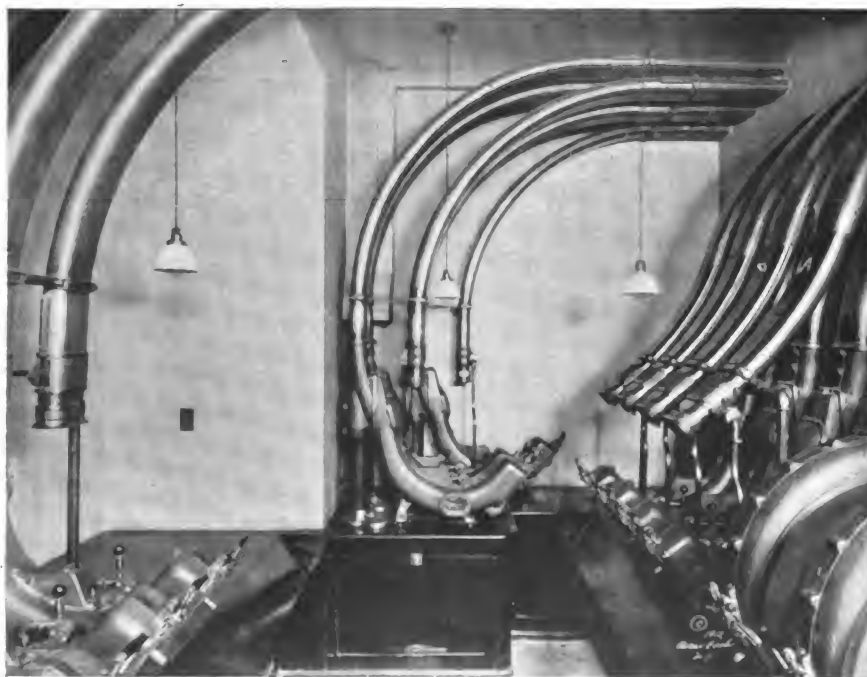
Pyramid contains sprinkler tank for auto-



OFFICERS' QUARTERS, LOOKING TOWARD WALL STREET, BANKERS TRUST COMPANY BUILDING, NEW YORK



DIRECTORS' ROOM, WAINSCOTED, TRIMMED, AND FURNISHED IN CIRCASSIAN WALNUT, BANKERS TRUST COMPANY BUILDING, NEW YORK



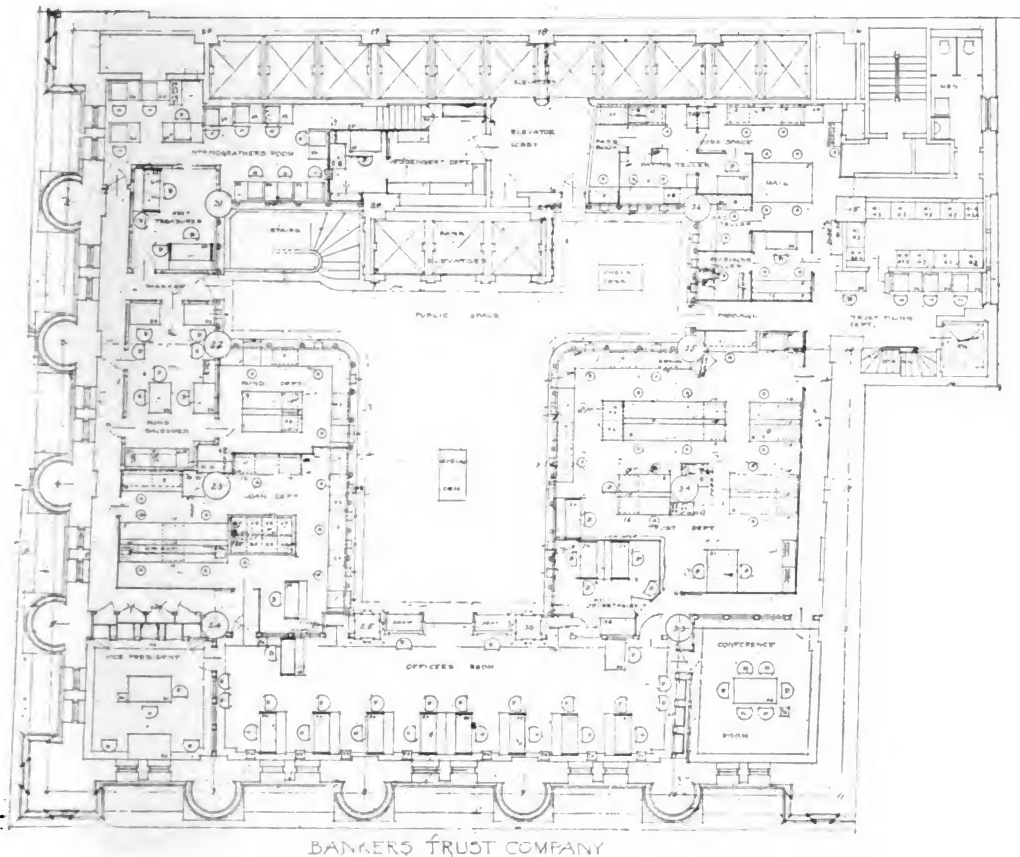
A VIEW IN CENTRAL STATION OF THE PNEUMATIC TUBE SYSTEM, BANKERS TRUST COMPANY BUILDING, NEW YORK

matic sprinkler system, fire tank, house tank for plumbing system, elevator machinery, ventilating machinery, main stack six feet in diameter, and forty-seven fire-proof storage rooms for rent. Near the top are a number of ventilating apertures for emitting the foul air from the building.

This pyramid roof artistically takes care

BUILDING A BEAUTIFUL ONE.

This necessarily imperfect description of the latest monument to American finance should not be concluded without stating that the building, unlike some of New York's towering skyscrapers, is harmonious in design and strikingly beautiful in its proportions. It is one of the most notable



FLOOR PLAN OF THE BANKERS TRUST COMPANY BUILDING, NEW YORK, SHOWING INTERIOR ARRANGEMENT AS PLANNED BY THOMAS BRUCE BOYD, EQUIPMENT SPECIALIST, NEW YORK CITY

of all the unsightly apparatus often placed on the roof of a building, marring the skyline.

The stone roof is something of an experiment in design and construction. There is no other of this kind in existence. The restorations of the Mausoleum of Halicarnassus generally show this type of superstructure, but it is believed that this is the first time it has ever been actually built.

Seen from almost any point of the city, with the steam issuing from its cone, the effect is not unlike that of a volcano in action.

business buildings, not only of the city, but of the world. A study of the illustrations presented herewith will give a much better idea of the marvellous size, strength and beauty of the structure than may be conveyed by mere description.

As was said at the outset of this article, the new building is but an expression in concrete form of the aims and achievements of The Bankers Trust Company. The completion of the building is but an incident—though undoubtedly an important one—in the company's history, fittingly typifying the institution's strength and progress.

A condensed statement of the condition of the company as of May 23, 1912, made the following showing:

RESOURCES.

Bonds and Mortgages	\$3,148,000.00
Bonds and Stocks	42,176,897.96
Time Loans and Bills Purchased	69,257,997.48
Demand Loans	43,707,856.34
Cash on Hand and in Banks	38,472,037.89
Exchanges for Clearing House	4,043,291.73
Real Estate	4,011,734.75
Accrued Interest Receivable	334,222.85
	<hr/>
	\$205,202,039.00

LIABILITIES.

Capital	\$10,000,000.00
Surplus	10,000,000.00
Undivided Profits	4,867,521.65
Unpaid Dividend	1,312.80
Deposits	173,819,870.61
Certified and other Outstanding Checks	5,811,383.13
Accrued Interest Payable	463,073.96
Reserved for Taxes	238,876.85
	<hr/>
	\$205,202,039.00

The officers of the company are as follows:

President, E. C. Converse; vice-president, B. Strong, Jr., W. C. Pollon, D. E. Pomeroy, W. N. Duane, F. I. Kent, H. B. Thorne, F. N. B. Close; secretary, G. G. Thomson; treasurer, G. W. Benton; assistant secretaries, G. Richards, B. W. Jones, H. F. Wilson, Jr.; assistant treasurers, H. W. Donovan, R. H. Giles, P. D. Bogue, H. N. Dunham; trust officer, I. Michaels.

The Directors:

James S. Alexander, President National Bank of Commerce, New York; Stephen

Baker, President Bank of the Manhattan Co., New York; Samuel G. Bayne, President Seaboard National Bank, New York; Edwin M. Bulkley, Spencer Trask & Co., Bankers, New York; James G. Cannon, President Fourth National Bank, New York; Edmund C. Converse, President, New York; T. DeWitt Cuyler, President Commercial Trust Co., Philadelphia; Henry P. Davison, J. P. Morgan & Co., Bankers, New York; Rudolph Ellis, President Fidelity Trust Co., Philadelphia; E. Hayward Ferry, Vice-President Hanover National Bank, New York; Walter E. Frew, President Corn Exchange Bank, New York; Fred'k T. Haskell, Vice-President Illinois Trust and Savings Bank, Chicago; A. Barton Hepburn, Chairman of the Board, Chase National Bank, New York; Francis L. Hine, President First National Bank, New York; Thomas W. Lamont, J. P. Morgan & Co., Bankers, New York; Edgar L. Marston, Blair & Co., Bankers, New York; Joseph B. Martindale, President Chemical National Bank, New York; Gates W. McGarrah, President Mechanics' and Metals National Bank, New York; Charles D. Norton, Vice-President First National Bank, New York; William C. Pollon, Vice-President, New York; Daniel E. Pomeroy, Vice-President, New York; William H. Porter, J. P. Morgan & Co., Bankers, New York; Seward Prosser, President Liberty National Bank, New York; Daniel G. Reid, Vice-President Liberty National Bank, New York; Benj. Strong, Jr., Vice-President, New York; Edward F. Swinney, President, First National Bank, Kansas City; Gilbert G. Thorne, Vice-President National Park Bank, New York; Edward Townsend, President Importers and Traders' National Bank, New York; Albert H. Wiggin, President Chase National Bank, New York; Samuel Woolverton, Vice-President Hanover National Bank, New York.



ONE OF THE TWENTY STATIONS IN THE PNEUMATIC TUBE SYSTEM, BANKERS TRUST COMPANY BUILDING, NEW YORK

SAFE DEPOSIT

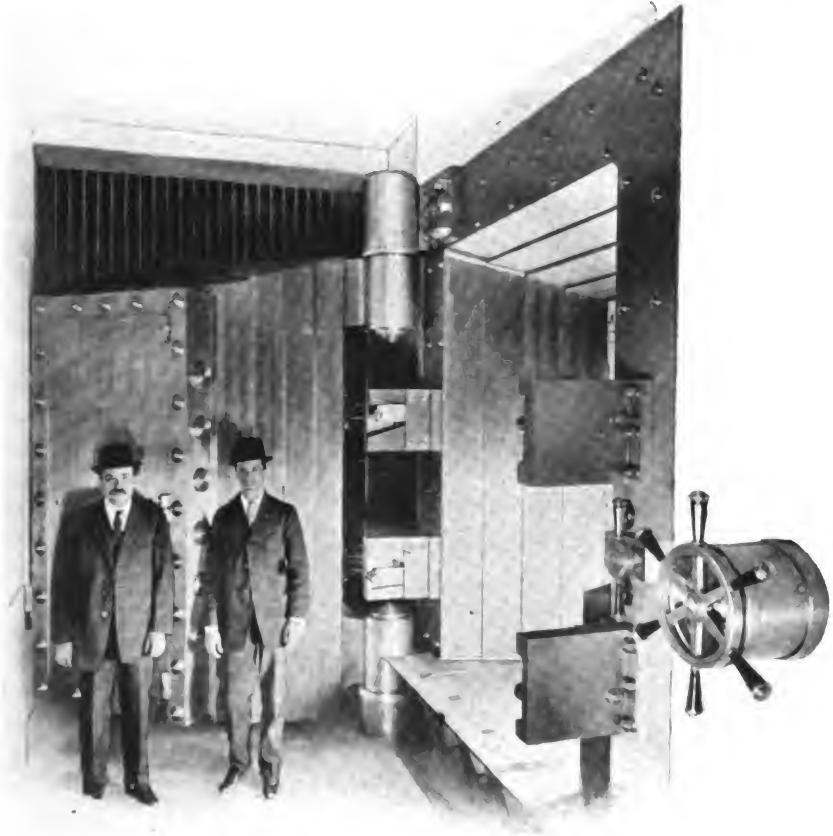
THE GREAT VAULT OF THE BANKERS TRUST COMPANY OF NEW YORK

TO produce the strongest vault in the world, with an equipment which would provide the greatest efficiency of administration, and include in the highest degree all safeguards, was the problem which the Bankers Trust Company of New York set for their vault engineer.

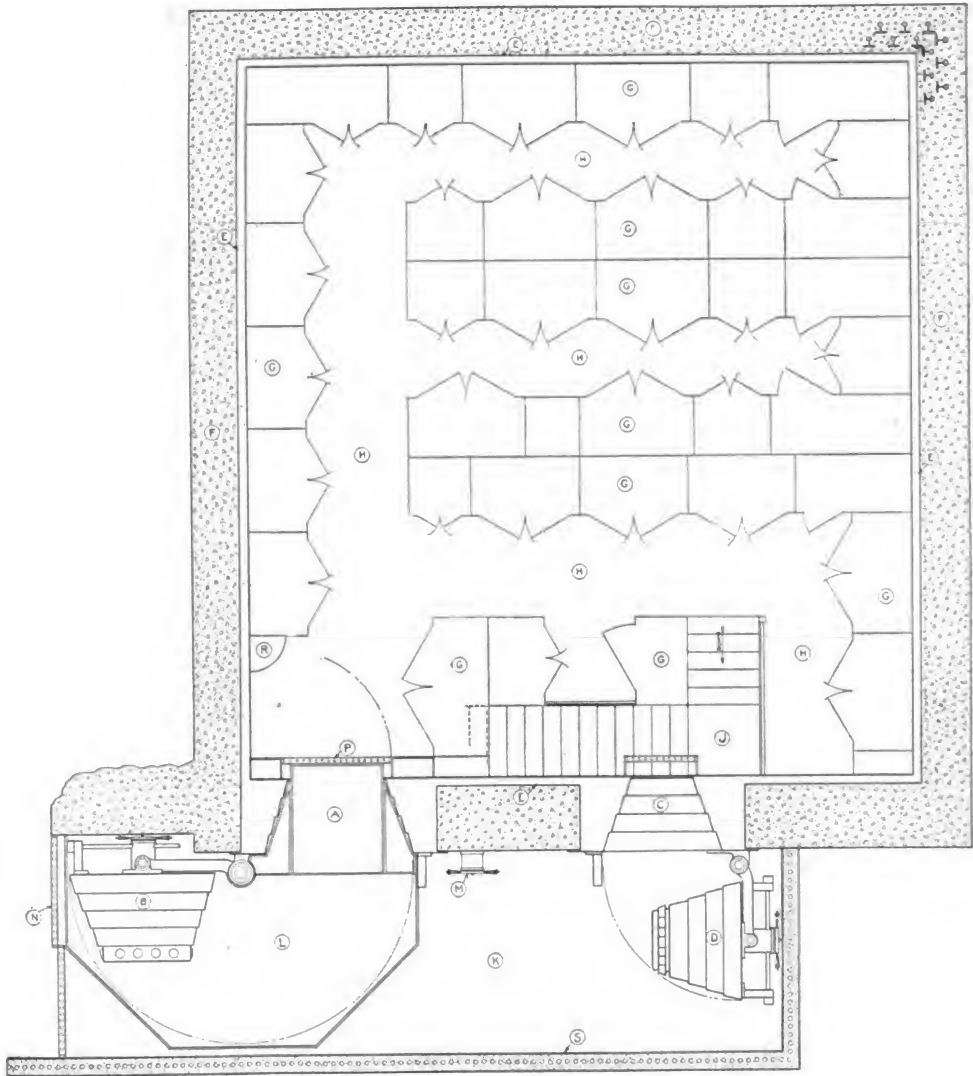
How well these conditions have been fulfilled is shown by an examination of

the completed structure, which is unique in the history of vault engineering.

This vault is two stories high, and about twenty-eight feet wide by thirty feet deep inside. Its walls are twenty-eight inches in thickness, built up of four inches of shock and drill-proof steel, surrounded with two feet of rock concrete, and two rows of heavy



THE 40-TON MAIN DOOR OF THE VAULT. HEAVIEST DOOR EVER BUILT. HINGES ALONE WEIGH FOUR TONS. BANKERS TRUST COMPANY BUILDING, NEW YORK
(MOVABLE PLATFORM IN LOWERED POSITION)



VAULT PLAN OF THE BANKERS TRUST COMPANY BUILDING, NEW YORK

Vaults Designed and Built Under Direction of Frederick S. Holmes, the Well-Known New York Bank Vault Engineer and Expert.

- "A." Main entrance.
- "B." Main entrance door open, 3 feet thick.
- "C." Emergency entrance.
- "D." Emergency entrance door open, 3 feet thick.
- "E." "E." Steel lining 4 inches thick.
- "F." "F." Monolithic concrete walls 2 feet thick, embedding two rows 85-pound steel rails.
- "G." "G." Safes for securities.
- "H." "H." Aisles.
- "I." Stairway to lower story of vault.
- "J." Vault entrance enclosure.
- "K." Lowering platform to provide level walk-way into vault.
- "L." Operating hand wheel for platform.
- "M." Vault enclosure protecting grille.
- "N." Main entrance day gate.
- "P." Telephone and night light.
- "R." Entrance enclosure wall of concrete, embedding tool-proof reinforcement.
- "S."

steel rails, and further reinforced with massive beam work; the enormously heavy columns and beams of the frame of the building are built into, through and around these vault walls and the entire mass is so tied together that a shock sufficient to disturb the vault would bring the building down in ruins upon it, making it more impregnable than ever.

This construction differs from the older standards, in that the metal, to a large extent, has been distributed throughout the concrete walls, which are designed not only to provide absolute fire protection, and to cushion shock, but especially to prevent the successful application of the oxy-acetylene cutter burner, an instrument now in general use throughout the world, which cuts even battleship armor almost as readily as a grocer cuts cheese with a knife.

The entrance to the vault is guarded

gaged in building it. This door weighs approximately forty tons, and not the least of its wonderful features is the fact that it can be swung by the use of a single finger.

This door is three feet in thickness



THE "LITTLE" EMERGENCY DOOR OF THE
VAULTS, BANKERS TRUST COMPANY
BUILDING, NEW YORK



LOOKING INTO VAULT THROUGH MAIN EN-
TRANCE, BANKERS TRUST COMPANY
BUILDING, NEW YORK

and is of composite construction, the outer half being formed of a steel casting containing concrete and interlaced refractory steel members, the inner half being built of two-inch five-ply chrome steel plates, low steel sections and a solid cast bolt-frame.

The time required to penetrate this door is so great as to be an absolutely unknown factor. The absence of short stepping and the usual tongues and grooves is very noticeable, as with the exception of three narrow rebates, these now out-of-date features have been abandoned.

Another feature is the locating of the combination locks and bolt-throwing mechanism on the door jamb and the time-lock upon the door proper, making it necessary to put holes through both the jamb and the door in order to reach the dogging devices. This arrangement doubles the protection of the locking system and per-

by a door which has proved the wonder of the vault-building fraternity, and its construction occasioned first consternation and ultimately unbounded enthusiasm among the men directly en-

mits the use of a door without spindle holes.

Another protective feature consists in the covering of all of the locking mechanism with steel plates upon the inside, obviating an almost universally weak condition in standard work, where a small hole through the vault walls provides direct access to the locking connections.

To provide against the possibility of a lock-out, an emergency door has been installed, circular in shape, of smaller diameter, but of equal thickness and strength with the main door.

The interior of the vault is divided into aisles and transepts lined with safes from floor to ceiling, divided in various ways for the holding of securities and moneys. Double custody is required, for each safe, and combination locks are used throughout. There are more than one hundred of these safes and in addition two large compartments fitted with open shelving.

The vault is splendidly ventilated during the day by an extension of the ventilating system of the building, the air being forced in through a large conduit, concealed beneath the foot-bridge and delivered at the ends of each transept in such a manner that every cubic foot of the interior is continually swept by fresh air.

The vault is lighted electrically, the lights being controlled by heavy automatic switches, which in turn are operated by a button at the entrance.

In a vault so large and with so many aisles, there is always a remote possibility that someone may be locked in at night. To avoid this so far as possible not only is the vault inspected before closing, but an alarm gong is automatically rung by the closing of one door, and continues ringing for several minutes until the second door is locked; and if, notwithstanding these precautions, an accident should occur, the person locked in would find two lamps burning, he would find a telephone with a direct line to "central," at his disposal and a card directing him to call at least two officers of the bank (for the main doors also are

in double custody) and how to assist them, from the inside, to accomplish his release.

Electric protection devices have been installed to provide against any possible irregularities on the part of custodians; and in addition, numerous interesting features, such as a lowering platform to provide a level walk-way into the vault, call-bells for messengers, and riot alarms to be used in event of trouble.

The entrances to the vault are protected on the outside by a mob-proof enclosure.

The design and construction as a whole are acknowledged to be the final word in vault engineering and affords ample protection for the securities which it contains.

The vault and its equipment of safes was designed and its construction and erection supervised by Frederick S. Holmes, the well-known New York vault engineer and expert, and the work was done by the Herring-Hall-Marvin Safe Company of New York.

RENTING SAFE DEPOSIT BOXES TO STRANGERS

PRECAUTIONS are necessary in renting safe-deposit boxes to strangers, for sometimes rentals are made for the sole purpose of gaining a foothold in the bank for obtaining money fraudulently.

A box can be rented and very imposing bundles of "securities" put in, which are of little or no value.

The holder of a safe-deposit box is, of course, not entitled to any accommodation by the bank, in the absence of proper introduction or credentials.

SAFE DEPOSIT COMPANIES MERGER

THE Corn Exchange Safe Deposit Co., 13 William street, New York, and the Queens County Safe Deposit Co., Borden avenue and Front street, Borough of Queens, New York, have entered into a merger agreement.

NATIONAL SHAWMUT BANK OF BOSTON TO INCREASE CAPITAL TO \$10,000,000

AT a special meeting of the shareholders of the National Shawmut Bank, Boston, on June 18, it was decided to increase the capital stock of the bank from \$3,500,000 to \$10,000,000 by the issue of 65,000 shares of stock to be offered the shareholders at \$120 per share, payment for the new stock to be made on or before July 15. Each shareholder will be entitled to subscribe for one and six-sevenths shares of stock for each share of the present stock held.

As recent sales of the stock have been around \$445 a share, it will be seen that the "right" to subscribe to the new stock is a valuable one.

The present surplus of the bank is above \$6,000,000, and the premium gained from the sale of the new stock will raise this item to over \$7,000,000.

With a capital of \$10,000,000 the National Shawmut Bank of Boston has a larger capitalization than any bank in the country outside the central reserve cities—New York, Chicago and St. Louis; and even in those cities there are but three banks having a larger capitalization.

The first point that determines the safety of a bank is the capacity of the management as reflected in the quality of the loans and investments—having regard, of course, to such employment of the funds as will yield a fair return. Next to this perhaps nothing is of greater importance than the maintenance of a proper proportion between the capital equipment and the deposit liabilities. And, so far as concerns the safety of deposits, the major part of this capital equipment should not consist of surplus or undivided profits, but of paid-in capital, the reason for this being, of course, that every dollar of capital really represents another dollar of shareholders' liability and is so much added protection to the public. Perhaps the ideal of capital equipment is approximated when the surplus and

profits equal, or nearly equal, the paid-in capital, and that is substantially the position of the National Shawmut Bank, for when the new stock is paid for it will have \$10,000,000 capital and over \$7,000,000 surplus and profits.

But it is not alone in the greater protection afforded depositors that an adequate capital equipment is essential. It enables a bank, in slack times, to em-



WILLIAM A. GASTON
PRESIDENT NATIONAL SHAWMUT BANK OF
BOSTON

ploy a considerable portion of its funds in purchasing outside paper or foreign bills and to keep on hand a larger reserve, by these means being in the most favored position to supply the demands of its own dealers in times of sudden or unusual requirements, and having a sufficient margin of free funds to relieve it of the necessity of pressing its borrowers for payment at inconvenient times.

These considerations have, no doubt, been instrumental in causing the Na-

tional Shawmut Bank to raise its capital to a point commensurate with the growth of its deposits and the general expansion of its business.

The National Shawmut Bank, besides having a very large volume of accounts from manufacturers, merchants and others, carries a heavy list of bank correspondents, not only in New England, but throughout the country. It follows quite naturally that the requirements of those dealing with this bank can be better met with increased capital.

This addition to the bank's capital follows one of \$500,000 made in December, 1901 (with a like amount added to surplus), when the Third National was absorbed.

The growth of the National Shawmut Bank's deposits to the present average of about \$90,000,000—the largest of any bank in New England—the enlargement of the capital, surplus and profits account, the satisfactory dividend rate, and the price of the shares in the market, are all facts demonstrat-

ing the care and skill with which the bank's affairs are managed.

While the addition to capital affords a reasonable margin for future growth, it also to an important extent enhances the present safety—a point which prudent management never overlooks.

This policy of always maintaining a strong position, supplemented by careful attention to the needs of those who deal with it has steadily advanced the National Shawmut Bank of Boston to a place of primacy among the reserve city banks of the country.

The president of the National Shawmut Bank, Mr. William A. Gaston, has shown himself to be an executive of rare capacity. His experience is extensive and his financial connections numerous and important.

For over three-quarters of a century the National Shawmut Bank has been located in the financial centre of Boston. Its new building ranks among the notable and beautiful structures in the country devoted to financial purposes.

CHANGES IN NEW YORK LAWS RELATING TO LARCENY AND FORGERS

ON the first of September, the two laws quoted below will go into effect in New York State. They will throw greater safeguards around banking transactions in the State.

The complete text of the "False Statement" law as now on the statute books of New York State is as follows:

AN ACT

TO AMEND THE PENAL LAW, IN RELATION TO LARCENY.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Article one hundred and twenty-two of chapter eighty-eight of the laws of nineteen hundred and nine, entitled "An act providing for the punishment of crime, constituting chapter forty of the consolidated laws," is hereby amended by inserting a new section, to be section twelve hundred and ninety-three-b, and to read as follows:

Section 1293-b. Obtaining property or credit by use of false statement. Any person

1. Who shall knowingly make or cause to be made, either directly or indirectly, or through any agency whatsoever, any false statement in writing, with intent that it shall be relied upon, respecting the financial condition, or means or ability to pay, of himself, or any other person, firm or corporation, in whom he is interested, or for whom he is acting, for the purpose of procuring in any form whatsoever, either the delivery of personal property, the payment of cash, the making of a loan or credit, the extension of a credit, the discount of an account receivable, or the making, acceptance, discount, sale or indorsement of a bill of exchange, or promissory note, for the benefit of either himself or of such person, firm or corporation; or

2. Who, knowing that a false statement in writing has been made, respecting the financial condition or means or ability to pay, of himself, or such person, firm or corporation in which he is interested, or for whom he is acting, procures, upon the faith thereof, for the benefit either of himself, or of such person, firm or corporation, either or any of the things of benefit mentioned in subdivision one of this section; or

3. Who, knowing that a statement in writing has been made, respecting the financial condition or means or ability to pay of himself or such person, firm or corporation, in which he is interested, or for whom he is acting, represents on a later day, either orally or in writing, that such statement therefore made, if then again made on said day, would be then true, when in fact, said statement if then made would be false, and procures upon the faith thereof, for the benefit either of himself or of such person, firm or corporation, either or any of the things of benefit mentioned in subdivision one of this section

Shall be guilty of misdemeanor and punishable by imprisonment for not more than one year or by a fine of not more than one thousand dollars, or both fine and imprisonment.

Section 2. This act shall take effect September first, nineteen hundred and twelve.

The text of the Penal Law in relation to forgery in the third degree is as follows:

AN ACT

TO AMEND THE PENAL LAW, IN RELATION TO FORGERY IN THE THIRD DEGREE.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Subdivision four of section eight hundred and eighty-nine of chapter eighty-eight of the laws of nineteen hundred and nine, entitled "An act providing for the punishment of crime, constituting chapter forty of the consolidated laws," is hereby amended to read as follows:

* * * * *

A person who, with intent to defraud or to conceal any larceny or misappropriation by any person of any money or property: 1. Alters, erases, obliterates or destroys an account, book of accounts, record or writing, belonging to, or appertaining to the business of, a corporation, association, public office or officer, partnership, or individual; or, 2. Makes a false entry in any such account or book of accounts; or, 3. Wilfully omits to make true entry of any material particular in any such account or book of accounts, made, written or kept by him or under his direction, is guilty of forgery in the third degree.

4. The altering, erasing, obliterating or destruction of any account, book of account, record or writing, or the making of a false entry in an account, statement of financial condition, or book of accounts, or the wilful omission of material entries in such account, statement or books of account, by any person whether by his own hand or the hand of another, if made with intent to defraud creditors, or to conceal a crime, or to conceal from creditors or stockholders or other persons interested, matters materially affecting the financial condition of any individual, corporation, association or partnership; or to provide a basis for the obtaining of credit or property by or for such individual, corporation, association or partnership, shall render such person guilty of forgery in the third degree, within the meaning of this section; but this provision shall not apply to any clerk, bookkeeper or other employee, who, without personal profit or gain, merely executes the orders of his employer.

Section 2. This act shall take effect September first, nineteen hundred and twelve.

TRUST COMPANY OFFICER'S PROTEST

OBJECTS TO ATTEMPTS OF THE FEDERAL GOVERNMENT TO PRY INTO AFFAIRS OF STATE INSTITUTION

ROBERT L. FRYER, president of the Fidelity Trust Company, Buffalo, N. Y., has written a vigorous protest against the course taken by the Federal Congress in investigating the affairs of State banks and trust companies. His letter, which was addressed to Hon. A. P. Pujo, is in part as follows:

Sir: The Fidelity Trust Company of Buffalo, of which I am President, is in receipt of a communication from you requesting certain information in connection with the pending Congressional investigation of the so-called "Money Trust."

You ask, among other things, that this company give you information concerning transactions between it and its customers, and that the relations of individuals and others with the company be laid bare for your inspection. I must decline to supply this information or else I must recognize your authority to ask for or demand it.

The charter of this company was obtained from the State of New York and the banking laws of the State prescribe our duties. We have nothing to conceal, and the State Banking Department knows of every loan and every investment we have. Its examiners have complimented us time and time again upon our clean and healthy condition. We do a general banking and trust company business, re-

ceive deposits from individuals and corporations, and loan money to those whom we consider worthy and responsible. We accept and execute public and private trusts, act as guardian, executor and administrator, and in all of these matters we hold inviolate our fiduciary relationship to our patrons in the same way that lawyers are required to guard the secrets of their clients. Were we to do otherwise we would have little business to transact, even if we were worthy of it.

If Congress had the right to compel banking institutions to disclose relations with their patrons under such circumstances what single power now exercised by the several States remains which cannot be taken from them by the fiat of Congress?

If Congress has the power to inquire into the relations of a State bank or

trust company with its patrons it has the same power to invade the States and compel disclosure of private transactions carried on by citizens wholly within a sovereign State.

In no sense of the term is this company a national banking institution. The activities of national banks are regulated by national law, but trust companies and State banks are only subject to examination and regulation by the legislators of the sovereign States who created them; and as a Democrat who hopes to vote for a Democratic President next Autumn, and as an official of a State banking institution, I consider it my duty to direct your attention and the attention of similar institutions and the millions with whom they transact business to the scope and destructive consequences of your proposed inquiry.

THE UNIFORM LAW ON BILLS OF EXCHANGE AND CHECKS

THE United States is represented at the Conference at The Hague on uniformity of legislation regarding bills of exchange and checks by Mr. Charles A. Conant, of New York, who was delegate to the Conference of two years ago. The adjourned Conference opened on June 15. Mr. Conant sailed on Thursday, May 30, on the Kaiserin Auguste Victoria.

The Conference is likely to have important results on international law and practice in regard to bills and checks. A draft of a uniform law on bills of exchange was prepared at the Conference of 1910 and submitted to the different powers for further consideration. Replies have been received from the principal European powers, embodying some proposed amendments of detail. These were taken up at the adjourned Conference in June and a final agreement will probably be reached by the Continental and Oriental powers.

The position of Great Britain and the United States is somewhat different from that of those countries which are under the domain of the civil law, and their delegates will probably not agree to recommend the uniform law in full to their governments. This will not indicate any lack of sympathy with the project. Even if the United States and

Great Britain, with their dependencies, adhere to their own system, which is now nearly uniform throughout these countries, the codes of law governing bills will be reduced to two,—the uniform law of Continental Europe and the bills of exchange act of the Anglo-Saxon countries. It is possible that the delegates of the United States and Great Britain will hold out the olive branch to the other powers to the extent of recommending to their governments a few changes in existing law adopted from the uniform law.

The subject of a uniform law of checks will also come before The Hague Conference, and is expected to greatly simplify the present confusion in regard to the validity of endorsements and the methods of collecting and paying checks. There is a strong disposition on the Continent to adopt the English system of crossed checks, in order to give greater safety to the check and promote its wider use. Bankers in the United States will welcome such an extension of the crossed check system on the Continent and will probably employ crossed checks to an increasing extent in making remittances abroad, but apparently will not need additional legislation in the United States to give validity to such checks.

BANKING PUBLICITY

Conducted by T. D. MacGregor

APPEALING TO NATIONALITIES

HOW A LIVE SPOKANE INSTITUTION WARMS THE COCKLES OF THE FOREIGN CITIZEN'S HEART

HERE is a splendid idea which has come out of the West, and the generous originator of it gives the benefit of it to bankers at large through **THE BANKERS MAGAZINE**.

We quote from a letter received from Carl W. Art of the Publicity Depart-

May 24, 1919, together with our newspaper advertisement regarding this, published on the 23d, and the copy of an interview of Mr. Kommers concerning the adoption of this plan.

We are also enclosing three recent newspaper advertisements exploiting the benefits of our safe deposit vaults, as well as a number of our recent booklets, and we trust

SUMMER INVITES THE BURGLAR!

Windows and doors being constantly open, his entrance can be effected without difficulty. In unoccupied homes the time of his disposal is almost unlimited, permitting the theft of silverware and other cumbersome articles.

Are YOUR valuables protected? Our marble vaults offer you absolute security at a small cost. A safe deposit box for your jewelry and keepsakes would cost less than \$5 (for the summer). Your silverware and bulky household valuables may be stored for as low as \$1.00 per year for an entire season.

Your inspection invited.

Union Trust & Savings Bank
The Marble Bank Building
Capital \$200,000

The Old Proverb

When burglars constantly on the alert for plunder, and on their lookout for important papers, new life and happiness to be found in every home we warn you to protect your valuables before it is too late.

Though there may seem safe behind locked doors and windows, as even in your wall safe, there is but one kind of armor that has never failed. No vault equal to ours in construction have ever been burglarized or destroyed by fire.

Don't wait till the burglar comes!

Union Trust & Savings Bank
The Marble Bank Building
Capital \$200,000

CHIEF DOUST'S WARNING

Wouldn't it be worth 10c a week to you to know that your keepsakes and jewelry were absolutely safe in our mammoth vaults—secure from every outside agency—burglary, theft or fire.

Your inspection invited.

Union Trust & Savings Bank
The Marble Bank Building
Capital \$200,000

TIMELY SAFE DEPOSIT ADVERTISING

ment of the Union Trust & Savings Bank, Spokane, Wash.:—

On May 17 we inaugurated a plan of publicity which Mr. Kommers thinks might interest you, for it is unique, we understand. That day being Natal Day, the birthday of Norway, their national flag was displayed from a new flag pole which we have erected above the entrance to our bank building, with a somewhat smaller U. S. flag floating just above it. The interest and comment created throughout the city was indeed gratifying, and leads us to believe that the plan will prove highly successful as we continue to display the various foreign flags on their respective holidays. We are enclosing a photograph of our building, taken yesterday, showing the Canadian flag displayed to commemorate the birth of Queen Victoria,

that these may prove of more than passing interest to you.

Assuring you of our interest in the splendid Publicity Department conducted by you in **THE BANKERS MAGAZINE** and complimenting you upon the high standard of efficiency maintained therein, we are,

The Mr. Kommers referred to is W. J. Kommers, cashier of the bank, who certainly is one of the "comers" among Western bankers.

The newspaper article reads as follows:

TO STIMULATE INTEREST IN FLAGS.

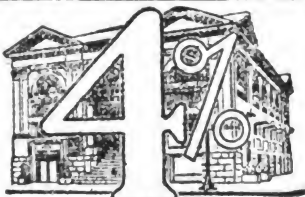
The Union Trust & Savings Bank is erecting a flag-pole on its marble bank building, which is to extend from the centre of the

main entrance arch of the building over the full width of the sidewalk. A new United States flag of extra quality has been ordered and will float to the breezes on this staff for the first time on Decoration Day, May 30, and on all public holidays thereafter.

A novel feature is also to be introduced

in this connection by the display of the flags representing the various foreign countries. It is planned to display annually on the principal holiday of each country the flag of that country, with the flag of the United States floating at the top.

Of this, Mr. Kommers, cashier of the bank, and who is fathering the idea, has to say: "We believe that the annual display of the flags of foreign nations, on one of their respective holidays, will tend to stimulate greater respect, patriotism and loyalty for the flag of our own country. The innovation should also prove of distinct educational value to the general public in familiarizing



FOUR PER CENT AND SAFETY

THE CANADIAN FLAG

will be displayed tomorrow from our new flag pole in commemoration of the birth of Queen Victoria, May 24th, 1819. This is in accord with our plan inaugurated on the 17th, when Norway's flag was displayed to celebrate the birthday of that nation.

It is our aim to stimulate greater interest in the study of foreign flags, and thereby teach the historical significance of the national holidays of foreign lands.

This display is prompted, furthermore, by our desire to symbolize the semi-public character of the functions of this institution--a bank for all people, all classes and all nations.

Union Trust & Savings Bank

The Marble Bank Bldg.
CAPITAL, \$500,000

A BANK FOR ALL PEOPLE



FLYING THE BRITISH FLAG

it with the designs and colors of the flags and the historical significance of the holidays of the various countries, and by arousing interest in all flags, it should stimulate patriotism and interest in our own. The first display of a foreign flag will be that of Norway, on May 17, this being Natal Day, the birthday of that country.

"The display of these flags is prompted, furthermore, by our desire to symbolize the semi-public character of the functions of the Union Trust & Savings Bank—a bank for all people, all classes and all nations."

It would be hard to improve upon the matter and set-up of the three safe deposit advertisements reproduced. They are models in every respect. The booklets, bank monthly, etc., sent are up to the high standard of the other matter submitted.



SOME MICHIGAN ADVERTISING

Sample Bank Advertisements from the Wolverine State—Chiefly of Detroit Institutions

WE are indebted to C. L. Chamberlin of Osseo, Mich., for the opportunity of looking over a collection of good bank advertisements he has made, and have chosen several of them to be reproduced and commented upon herein.

The Bank of

Strength and Character

Life's Problem

is to acquire, during your earning period, enough money, or property, to carry you safely through every emergency, and to have enough laid aside to take care of you comfortably in your declining years. Are you doing it?

ONE DOLLAR OPENS AN ACCOUNT WITH


The German-American Bank

ESTABLISHED 1851

Gilwell and Lafayette. Brancie-Grozier and Hastings.

The
Bank
of

Strength
and
Character



A bank account is a wonderful character builder. Start one and you'll notice the difference—it will give you confidence. Try it.

ONE DOLLAR WILL OPEN AN ACCOUNT WITH

The German-American Bank

ESTABLISHED 1853.

Getzweid and Lafayette. Branch—Gratiot and Hastings.

The advertisements of The German-American Bank are good, because they don't say too much and are printed in large, bold letters, making them easily read. The ad. would be improved if it had a somewhat heavier rule border, and it would give better display to the emblem if the motto were printed somewhere inside rather than outside of the border.

The Dime Savings Bank ad. is a little gem. It is so well set up that it is a pleasure to sit and contemplate it. We usually associate the offer of business counsel with a commercial bank's or a trust company's service, but there is no reason why a savings bank cannot give it also.

The ads. of the Detroit United Bank and the Market Savings Bank when placed "side by each" look like a tug boat alongside of a liner. There's a lot of good stuff in the bigger ad., but

[illegible]

LIBERAL WHITE SPACE

A Few Bushels of Grain

A few bushels of corn landed in the parlor between those tubular of grain. So with the few dollars you put in, you took home, time at once. The man sows your grain to grow and the interest to give means your difficult to grow. Should the owner borrow more to the money fairly, a bank account of them was an indication of something in it? Would they have been able to reach their present manufacturing position, if they had spent half their time worrying about the safety of the banks they had made?

We serve you in open as someone in their day and the advantages they found will surely come to you. When you have secured your capital, don't let it slip away from you, you have finally done a beautiful matter, then, you must be a thoughtful dealer. We offer you/your bank, as a safe place to store to deposit your money.

First State Savings Bank.

MILLERSDALE, INDIANAPOLIS

we would be willing to bet the price of a new straw hat that more people read the little fellow through than perused the big one at length.

The copy used by the First State Savings Bank of Hillsdale, Mich., illustrates what can be done by a live bank

Business Counsel

When you are considering business expansion, sound advice from your banker will aid you. The officers and directors of the Dime Savings Bank are ready at any time to give business counsel to depositors. In this way they often are able to contribute to a depositor's success and safety.

The prosperity of this country is interwoven with the prosperity of its patrons. Officers of the bank aim to further this prosperity in every legitimate way.

DIME SAVINGS BANK

Hammond Building.

Branches: 1491 Woodward, 1174 Jefferson, Grant and Russell

DISTINCTIVE SIGNATURE

The Detroit United Bank

Strictly a Savings Bank

FRANK B. LELAND, President

FRED M. WARNER, Vice-President.

HENRY M. ZIMMERMANN, Vice-President.

CHARLES B. CRAMER, Cashier.

TO THE PUBLIC

GREETING:

On the 3rd day of September, 1911, THE DETROIT UNITED BANK entered upon its tenth year of establishment. Nine years ago it opened its doors for business and invited the savings deposits of the people, agreeing to pay 4% interest on such deposits from the day of deposit to the date of withdrawal. Its announced contract with the public was further: That its loans would be confined strictly to first-class real estate securities. It then had a capital of \$100,000.00, whereas it now has a capital of \$250,000.00, with surplus and undivided profits amounting to more than \$80,000.00, and with total assets of over \$3,250,000.00. It has continued to pay 4% interest to its depositors as it originally declared it would, besides has paid its stockholders regular dividends, and has out of its earnings accumulated its present surplus and undivided profits. Thus it is evident that The Detroit United Bank has enjoyed a full measure of success, and its officers and directors desire to express their appreciation of the splendid co-operation given them by its many depositors.

The Detroit United Bank inaugurated the successful system of Banking by Mail, introduced bank advertising as such in Michigan, and commenced a campaign of education with the purpose of building up its business by a course of fair, honorable and liberal treatment of its patrons. It has pointed out the fact that savings deposits are worth much more to a bank than checking accounts, and demonstrated that it could afford to pay 4% interest on deposits the same as do the Savings Bank of New York, Pittsburg, Cleveland and other cities. Besides this, no bank could have conducted its business with greater security to its depositors.

The Detroit United Bank at the beginning of its tenth year of successful business invites the attention of the public to the fidelity with which its inaugural announcement and its policy have been carried out, and to what thus far has been accomplished.

This bank has paid 4% interest on savings deposits from the day of its opening and it has prospered. Its deposits at the present time are nearly \$3,000,000, every dollar of which is purely savings. It is thus seen that the deposits of this bank have increased an average of about one thousand dollars for every business day since it was opened. It is not a depository of State, County, City or other public funds.

DEPOSITS have always been paid upon demand without exception, this course being followed throughout the stringency of 1907 and 1908. LOANS have been confined strictly to first-class improved real estate securities, so carefully selected that it never has foreclosed a single mortgage, nor has it ever had a piece of real estate on its books, nor lost a dollar in any transaction whatever. When the fact is taken into consideration that this bank has taken upwards of three thousand three hundred mortgages, this plan of loaning its depositors' funds, it is believed, will receive general commendation. It departed from the then almost universal and still very prevalent custom of banks loaning money to their officers and directors by adopting a by-law providing that no officer, director, stockholder or employee under any circumstances whatever could borrow any money from it, and this by-law has been strictly adhered to.

If the progressive and yet more conservative course followed by this bank meets your approval, and you seek an absolutely safe depository for your saving account, where you are sure of courteous, fair and honorable treatment, you are cordially invited to open an account with THE DETROIT UNITED BANK. Those opening accounts this month will assist in commencing the tenth year of our business under increasingly satisfactory conditions.

Send for booklet, BANKING BY MAIL.

Address all correspondence to THE DETROIT UNITED BANK, 208 Griswold St., Detroit, Mich.

THE FINGER PRINT SYSTEM AS AN ADVERTISING FEATURE

By Arthur A. Ekirch

MAKING hay while the sun shines applies to banking as well as the farm, and particularly to the securing of new accounts.

A novel means to arouse public attention is the "finger print system," used primarily to identify and protect depositors, and secondly as a means for securing new business.

As the taking of finger prints is a comparatively new undertaking, the banks which have adopted the system have at their disposal an excellent advertising feature.

The savings bank depositor asks, "How am I protected?" The clerk replies, "There is only one chance in ten thousand of any of your money on deposit with this bank being paid to the wrong person and for this ONE

4%

LIVING

is a lifelong affair. Production is a matter of only a few years. If you want to live independently—your full life—you must live on less than your income during your productive period. A savings account will grow surprisingly and prove a steady income after your productive days are over.

4%

MARKET SAVINGS

BANK

Cor. Monroe and Huron.

4%

THE LINER AND THE TUG

advertiser in a smaller town where newspaper space is not so high-priced as to restrict the best display ideas. These ads. are breezy and interesting, and at the same time they are full of good business-like talk that ought to bring results.

CHANCE the bank assumes the responsibility, so you can readily see you are absolutely protected against wrong identity."

A reply of this kind strongly impresses the depositor, and he goes away with a strong feeling that no matter

what happens, his money will be secure.

One savings institution in New York city recently installed the finger print system and placed a sign in the front window which reads as follows:

This Bank Has Installed the Finger Print System as a Means of Identification and Protection of Depositors.

The sign had been in the window only about an hour when strange faces appeared at the "signature desk" and made inquiry as to the meaning of the sign.

The clerk at the desk gave every inquirer a free demonstration of the system, taking the impressions on the back of the bank's statements. The statements were carried away by the inquirers as souvenirs, which cost the bank comparatively nothing, but answered two purposes: First, it was the means of bringing the passers-by into the banking office, and secondly it proved an excellent means of distributing the bank's statements.

The bank in question, however, not only handed out souvenir impressions and bank statements, but opened many new accounts; many of the inquirers desiring to be the first to have their finger prints taken.

Some tanks prior to adopting the sys-

tem were somewhat skeptical as to just how the savings bank depositor would take to having his or her fingers pressed on a glass plate containing "printers' ink" and then placed on the signature card, to leave the finger print impressions thereon. But they have found, much to their surprise, that in most cases there was no objection and the depositor does not bother the clerk to remove the ink from the fingers, preferring to remove it at home.

One of the savings banks using the system is having a circular printed on which will appear news items about finger prints and also cuts showing the various impressions of the depositors' fingers taken at the bank.

The general distribution of a circular of this kind, it is believed, will bring many to the bank for a free demonstration in "finger printology" and secure much new business for the institution.

A general description of the finger print system appeared in a previous issue of *THE BANKERS MAGAZINE*. Therefore, it has not been the intention of the writer to dwell on the workings of the system in this article, but merely to tell the readers of this magazine the excellent opportunity the finger print system offers as an advertising feature.



HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE Olean National Bank, Olean, N. Y., recently ran a newspaper advertisement, showing by type rules the relative size of the present currency and the proposed reduced size of the bills. Inside the inner rules was this clever copy:—

WORTH KNOWING

The size and design of paper currency may be changed. The reduction in size was suggested largely in the interest of economy. The opinions of bankers, business men and others was canvassed regarding this change, to make sure that there would be no objections or disadvantages.

The idea met with favor and the department now awaits the necessary appropriation from Congress to execute the plan laid out, hence you may soon see our currency reduced. By this reduction the Government will save 20 per cent. in the cost of paper which will amount to thousands and thousands of dollars annually. Now if you will also stop and figure a little and take out one of our interest books perhaps you can save 20 per cent. of what is going to waste.

—
The National Shawmut Bank of Boston calls attention to a special feature of its service as follows:



Congratulations.

Start a Savings Account for that new baby of yours. Even if only \$1.00 is deposited it is surely a start and remember that all money placed in the bank this first year will be more than doubled when the child becomes of age. When the youngster is old enough to understand that "a penny saved is a penny earned," this little act will increase the desire to lay away for a "rainy day." Money in the bank is safe and cannot be spent without your express order. Your boy or girl is growing up and at which time it will amount to a little more that will help when most needed.

THE FEDERAL TITLE AND TRUST COMPANY
BEAVER FALLS, PENNSYLVANIA

APROPOS OF THE STORK'S VISIT

The National Shawmut Bank will accept from depositors carrying balances of \$500 and over, securities and valuable papers for safe keeping. For this service no charge will be made except under extraordinary conditions, or when large estates are involved. Receipts are given for securities so deposited, coupons and dividends on the same collected, credited to the owners' accounts, and notifications sent to them. In this way the security of a national bank is combined with the convenience of having the collection of one's income made without the expense of a safe deposit box. The securities deposited are accessible to owners at all times. The confidential records of the department are in charge of men under bond. Each customer is insured absolute privacy concerning his affairs. Depositors who open accounts on and after May 15 will be entitled to this service as well as old customers. Will you not write for further information?

George J. Schaller, cashier of the Citizens National Bank of Storm Lake, Iowa, writes:—

We are at the present time using sundry locals in the reading matter of our local paper. We have used several different kinds of newspaper advertising and believe that our best results come from changing the character of the advertisement from time to time, that is, running locals for a few weeks and then for a while carrying a regu-

lar display ad. Whether carrying regular advertisements or locals, we aim to change the reading matter each week. I enclose you a copy of the statement that we mail out and also a printed form of letter which is sent out by any of the officers or directors of the bank to people whom they think might be interested in forming a banking connection or to any people coming to the community. We have an arrangement with one of our local papers whereby a copy of the paper is sent to new people coming to this community, with the compliments of this bank, for a period of three months, or until such time as they permanently move here. We have found that this produces very satisfactory results, although it requires considerable attention to keep an up-to-date list of new comers.

Carl W. Art of the Publicity Department of the Union Trust & Savings Bank of Spokane, Wash., writes:

Thinking that our solution of the problem of issuing attractive statements at each call of the Comptroller, which might be in the form of a booklet, in order to allow more text than is allowed on a single page sheet, and which might be issued quickly and at slight cost—I am enclosing our latest statement, together with the ones prepared for use during the ensuing year.

We prepared copy of a general nature, outlining our functions, etc., which we had set up to make an eight-page booklet, one page, however, being left entirely blank, with the exception of a uniform border, in order to permit printing the statement at a later time. We next had these run on five different tints of paper, being careful to select stock which would harmonize with the one color scheme adopted.

The result is that for the price of one large run, we were able to get out five different statement folders, thus cutting out the expense of five separate runs and color schemes. Now, whenever, the Comptroller's call is received, we have the printer set up our statement, print it in on the blank page, and trim and bind the booklets, thus having a new booklet each time, at little greater cost and in just as short a space of time as is possible when having but a single page printed.

Is our plan worthy of note?

We think this plan certainly is worthy of note and commend the idea to the attention of other bankers as an example of real scientific management. A good advertising man or purchasing agent can save a big bank the equivalent of his salary in such ways as these.

At the recent meeting of the New York State Bankers' Association at Buffalo, the Bank of Buffalo gave out a valuable souvenir map of Buffalo. The map was sent to banks in advance with a card stating:

With the compliments of the Bank of Buffalo, Buffalo, N. Y., for the use of your representative while in attendance at the convention of the New York State Bankers' Association, to be held in Buffalo, June 13 and 14, 1912.

Mr. B. S. Cooban, who has supervision over the advertising of the Chicago City Bank and Trust Company, sends us a large poster (28x42 inches) which that institution uses for outdoor display advertising. Mr. Cooban was formerly connected with a drug business, where he used printers' ink a good deal, and he believes that it can be made equally effective in the banking business.

The State National Bank of Texarkana, Ark., appeals to baseball fans by giving them a celluloid score card, carrying a brief advertising message from the bank.

Our breezy friend, Edward T. Kearney, formerly of Nebraska, is now running the Mid-West Bank at Sioux City, Iowa, and he has taken with him his motto, "The bank that always treats you right," and he has started his characteristic form letter campaign for new business. A good new wrinkle is a rubber stamp on the outside of the envelope stating that the letter is "Personal," and suggesting that the recipient start a savings account at once.

The Chase National Bank, one of New York city's strongest and busiest banks, sends out with its compliments a handsomely printed card bearing this copyrighted matter:—

A PATRIOTIC CREED.

We believe in our country—the United States of America. We believe in her Constitution, her laws, her institutions and the

principles for which she stands. We believe in her future—the past is secure. We believe in her vast resources, her great possibilities—yes, more, her wonderful certainties.


We believe in the American people, their genius, their brain and their brawn. We believe in their honesty, their integrity and dependability. We believe that nothing can stand in the way of their commercial advancement and prosperity.

We believe that what are termed "times of business depression" are but periods of preparation for greater and more pronounced commercial successes.

And we believe that in our country are being worked out great problems, the solution of which will be for the benefit of all mankind.

THE CHASE NATIONAL BANK,
New York.

Under the title "One Man's Story," the Continental and Commercial Trust and Savings Bank of Chicago has been publishing booklets giving the actual experiences of persons who have suc-



**The NORTH WARD
NATIONAL BANK**

443-445 Broad St.

Organized 1873

Capital Stock & Profits, \$500,000.00

Deposits, Over \$3,500,000.00

The woman in the home is alive to the importance of handling household income and expenses through a checking account.

We devote considerable thought and system to the service of household accounts; we endeavor to facilitate the household bookkeeping of our depositors in an efficient business-like manner.

—Visitors are invited to ask us for a demonstration of our plans for serving them.

**Commercial and Savings
Departments**

JOHN W. LUDWIG
President

SPENCER A. MARSH
Cashier

WM. H. PIERSON
Assistant Cashier

GOOD SINGLE COLUMN

ceeded through thrift and the savings bank. A complete history of one case is given in each booklet.

"Cause and Effect" is effectually used in a statement folder of the First National Bank of Toccoa, Ga., On the "Cause" side is given the various factors of the bank's strength, while on the "Effect" side is the bank's condensed statement.

In the Sunday issue of the "Herald-Dispatch" of Huntington, W. Va., May 12th last, the First National Bank of Huntington ran a full page advertisement, which carried out a very good idea in a novel way. It is not at all unusual for a bank to publish, side by side, its earliest and latest statements, but this bank had line cuts made of the actual statement blanks filled in, the first call statement being dated April 24, 1884, and the last one, April 18, 1912. Nothing less than a full page would answer for an advertisement of this kind, and even at that a good deal of the matter is rather fine for ordinary eyes.

Quite a number of banks with savings departments are trying the Christmas Savings Club method of getting additional accounts. The scheme is on this principle: Deposit five cents the week beginning May 27th, for instance, ten cents the second week, fifteen cents the third week, and so on for twenty-eight weeks. Two weeks before Christmas we will mail you a check for \$20.30, with interest at two per cent., or the order of deposits may be reversed, if desired.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once. The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. E. Parrish, cashier, National Bank of Commerce, Williamston, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Windsor Trust Company, New York City.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Bialock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

A. A. Eklrch, secretary, North Side Savings Bank, New York City.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

Farmers & Mechanics Trust Company, West Chester, Pa.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

C. W. Beerbower, assistant cashier, The Farmers National Bank, Salem, Va.

B. P. Gooden, adv. mgr., New Netherland Bank, New York.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.

C. E. Auracher, The Bank Advertiser, Cedar Rapids, Iowa.

Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

Germantown Ave. Bank, Philadelphia, Pa.
 Frank K. Houston, assistant cashier, First
 National Bank, Nashville, Tenn.
 E. S. Cooban, Chicago City Bank and
 Trust Co., Chicago, Ill.
 A. V. Gardner, advertising manager, The
 Northwestern National Bank, Minneapolis,
 Minn.
 Felix Robinson, advertising manager, First
 National Bank, Montgomery, Ala.

PLEASED TO CORRESPOND.

Kindly enter our name in your bank advertising exchange. We will be pleased to correspond with the advertising departments of other banks.

Very truly yours,

A. V. GARDNER,

Advertising Manager, The Northwestern National Bank, Minneapolis, Minn.

NO TIME LIKE THE PRESENT

EVERYONE, says the Cincinnati "Times-Star," admits that Charles Hawtreys is a good actor. But according to Whitman Bennett he should have been a banker. "He unites the cold eye that is worn by every banker I have ever known personally to the aplomb and self-possession of a back yard cat," said Mr. Bennett. "He wouldn't lose his poise if his monocle dropped in the soup. Things happen around Mr. Hawtreys. They never happen to him."

And as an illustration of Mr. Hawtreys' icy calm Mr. Bennett tells a story of an occasion when Hawtreys wished to borrow a large sum of money from an English banker. The actor was at that time managing his own theatre in London, and he had a severe,

biting need for a large cask of treasure at once. He had plenty of collateral to offer, but because he was an actor the banker sought to make a little chest over it. If Hawtreys had been a broker the money would have been loaned on that collateral without any loose conversation at all. "You must realize, Mr. Hawtreys," said the banker, seeking to transfix that gentleman with his eye, and feeling his optic slipping on Hawtreys' polished surface, "that this is a large sum of money—a very large sum of money indeed. When do you want it?"

Mr. Hawtreys calmly withdrew his watch from his waistcoat pocket. "What time is it now?" he asked.

THE WORLD'S DEBT FOR WAR

"THE war debt of the world for borrowed money, practically all used for war purposes, amounts to nearly \$37,000,000,000," says President Jordan of Leland Stanford University, in the June "World's Work." "This sum is expressed in the 'Endless Caravan of Ciphers,' which carries no meaning to the average taxpayer, until he feels its pressure in the rising cost of living, and in his own difficulties in making both ends meet. The interest

charges of the world on its national bonded debt are about \$1,500,000,000 a year, and about \$2,500,000,000 are expended yearly on standing armies and on battleships. If we were to sell out the entire holdings of the United States, capitalize the returns, and put the whole sum at interest at four per cent., it would just about keep up the military expenses of the world in time of peace."

J. G. WHITE & CO.

REPORT to the stockholders of this company, submitted by the president on May 20, showed an increase in surplus for the year from \$485,529.04 to \$605,522.03, after having paid the regular six per cent. dividend on the com-

pany's outstanding preferred stock. This is equivalent to about eight per cent earned on the common stock.

With the business in hand and in prospect a further increase in earnings is looked for during the current year.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

REMODELED BUILDING OF THE BARNETT NATIONAL BANK OF JACKSONVILLE, FLORIDA

AFTER ten months of business in temporary quarters, at the corner of Laura and Adams streets (one block removed from its permanent home), the Barnett National Bank on March 18, 1912, opened the doors of its remodeled building and resumed business relations with the public at its old stand, located at the cor-

RICHLY FINISHED INTERIOR.

The visitor to the bank will be impressed with the simple richness and beauty of the whole interior arrangement, which is seen and felt as one enters either of the two front doors. Gracefully curving across the main room is a solid railing of Botticino



BARNETT NATIONAL BANK, JACKSONVILLE, FLA.

ner of Forsyth and Laura streets, now the heart of Jacksonville's business district.

It is recognized by all who have seen the improved building that it is a model of taste and convenience, and is now a structure creditable to the standing and management of the bank and a witness to the efficiency of the work done by the supervising architect, George O. Holmes, and L. M. Boykin, the contractor—both local men.

Out of respect to the memory of W. B. Barnett, the founder of the bank, it was decided not to make any material change in the fine exterior of the building.

marble, capped with a polished rail of the same material, the whole dividing the lobby from the quarters of the officers of the bank. Around the room a wainscoting of marble is seen, while lofty pilasters of the same material, with richly moulded capitals and bases of pure Doric design, extend from the floor to the classic entablature, which forms a rich and fitting finish to the four walls of the banking room. From the top of this entablature the walls are continued upwards, with a graceful cove ceiling which is sub-divided into panels, by richly moulded girders and beams. The entire flat surface



W. D. BARNETT
CHAIRMAN OF THE BOARD, BARNETT
NATIONAL BANK, JACKSONVILLE, FLA.



FRANK ADAMS
PRESIDENT BARNETT NATIONAL BANK
JACKSONVILLE, FLA.

of the ceiling, between the beams and girders, is filled in with dome or ceiling sashes glazed with English cathedral glass. All of this glass is set in heavy bronze mountings, in a Greek fret design, and the soft amber light which is diffused throughout the banking room renders it possible for the clerks to work during the greater part of the day without the use of artificial light.

At all door and window openings the woodwork is finished in richly figured Cuban and Mexican mahogany, forming a beautiful and striking contrast, while bronze fixtures and lamp brackets, surmounted by clusters of electric lights, complete the pleasing and ornamental effect of the spacious room. Marble, brought from Italy, and appropriately finished, adds greatly to the beauty of the rooms.

MODERN FACILITIES.

Directly behind the marble railing are the desks of the officers. To the rear of the president's desk is a small private office, also for his use.

Facing the left lobby, or western corridor, are: First, ladies' teller, so that feminine customers will not have to stand in line with the men; second, four regular receiving tellers; third, savings teller, who pays and receives savings accounts; fourth, pass-book teller. At the extreme end of the lobby the door to the left (next to the western wall) leads to the ladies' retiring room, which is fitted with every modern convenience. The door to the right leads to the working room of the bank.

Facing right lobby, or eastern corridor, are: First, loan and discount department, with two windows, through which department all loans are paid and renewed, and all exchanges, both foreign and domestic, are issued; this department is under the immediate supervision of the assistant cashier; second, the collection department, with two windows to the public; third, four paying tellers. Only two paying tellers are used ordinarily, but on rush days, especially Saturdays, it is necessary to run all four cages. At the extreme end of the lobby is the office of the chairman of the board. Next to the last paying cage is the door entering to the safety deposit vault in the basement. This door does not admit entrance to the banking room, for the bronze netting is carried back and so arranged as to make necessary another door before the room is entered; this door is always securely locked, each clerk having a key.

The safety-deposit vault is handsomely fitted with coupon desks, which have frosted glass, so as to lend privacy. A competent attendant to administer to the needs of the customers of the bank is in charge from eight o'clock a. m. to four o'clock p. m. There is a side door entrance to the building from Laura street.

BUSINESS DEPARTMENT.

Divided from the public corridors by artistic bronze netting, the individual bookkeepers have their desks. These, located in the centre of the inner space, provide work-



ROBERT E. WHEELER
CASHIER BARNETT NATIONAL BANK
JACKSONVILLE, FLA.



CAMILLUS S. L'ENGLE
ASSISTANT CASHIER BARNETT NATIONAL
BANK, JACKSONVILLE, FLA.

ing room for eight bookkeepers. Here again the scheme of color is maintained, all desks being of a rich mahogany finish, each desk being fitted for the use of two men.

Immediately behind the officers' quarters, and in the main working room, are located

the desks of the assistant cashier and the assistant to the president.

The whole interior is lighted as brilliantly as day by the skylight which covers the whole interior, and has no intervening fixtures to obstruct the light or cast a shadow.



WILLIAM R. MCQUAID
ASSISTANT CASHIER BARNETT NATIONAL
BANK, JACKSONVILLE, FLA.



GEORGE A. KIRK, JR.
ASSISTANT CASHIER BARNETT NATIONAL
BANK, JACKSONVILLE, FLA.

MONEY VAULT.

In the rear are the money vaults, constructed and equipped as described below. A heavy steel lined burglar proof money vault, equipped with modern burglar proof doors, having the latest locking devices. Inside this vault are to be found three mammoth Diebold compound door manganese steel currency chests, which are said to be the strongest of any ever installed in a bank in Florida.

CONVENIENCES FOR EMPLOYEES.

Leaving the main floor there is a marble stairway leading to the basement, where steel lockers are provided for the employees of the bank, these lockers being arranged in one long row by the west wall. The lockers are of steel and provide a private wardrobe for each attache of the bank. Here in this basement are lavatories and other conveniences, while at one end a shower and needle bath is provided for the special use of the



OFFICERS' SPACE. FROM LEFT TO RIGHT: FRANK ADAMS, PRESIDENT; W. R. MCQUAID, ASSISTANT CASHIER; C. B. L'ENGLE, ASSISTANT CASHIER; G. R. DESAUSSURE, VICE-PRESIDENT, AND R. E. WHEELER, CASHIER

There are also four heavy steel chests for the exclusive use of the tellers, as well as six heavy steel silver and collateral chests. One can quickly see that the battery of chests in this vault surrounded by drill-proof lining, with the heavy doors, besides the reinforced concrete wall and this entire vault, give this bank and its patrons security second to none in the South.

Next to this vault is a large steel-lined book vault, with modern doors similar to those on the money vault. Inside of the vault is the latest steel furniture, consisting of steel roller shelves, steel buses for filing checks and deposit tickets, as well as buses for transportation of the bank books from the desks to the vault.

Not a thing seems to have been overlooked in equipping this vault. In all, the bank has seven vaults, being five stories high.

employees. On every hand is seen the same richness and neat finish as marks the upper and main part of the building.

OTHER DEPARTMENTS.

In remodeling the bank two mezzanine floors were constructed, the first of which is used by the clerks and other employees of the bank who handle mail and accounts. This space overlooks the lower floor and is well lighted despite the ceiling overhead. On this floor are desks of modern design, all of mahogany finish, and in the centre of the room is an automatic mail-carrier and speaking-tube connected with the office below.

On this floor, but located at the rear, is a private office for the president, where he may hold conferences or transact such affairs as will allow of no interference. This room is handsomely finished and corre-

sponds perfectly with other rooms described.

DIRECTORS' ROOM.

Another flight of stairs leads to the directors' room on the second mezzanine floor, this room being located in the northeast corner of the building. Finished in mahogany, with a solid mahogany table fully twenty feet long and five feet wide, with chairs to match surroundings, the whole appearance of the room suggests the importance and value of the business to be transacted here. Windows of this room open on Laura street, lighting the interior in a perfect manner, and artistic electric fixtures provide even more brilliancy if needed.

OTHER MODERN FEATURES.

In a hasty review of the Barnett National Bank Building, as it has been remodeled, a complete description would be impossible. For instance, much space would be required to describe the ventilation of the building, which differs from any other system employed in Jacksonville. On the upper floor, or what would be called the attic, is located an electric fan, which sends fresh air to all parts of the building. During warm weather this air is forced over running water, allowing it to escape in the rooms of the bank many degrees cooler than the air outside. In the winter this system can be reversed and the air sent out warm to all parts of the building. In all rooms radiators are located in the walls, these being operated by a suction fan, which causes all of the foul air to be drawn out.

The heating plant is located in the basement, with modern facilities for handling fuel, the coal chute extending outward under the sidewalk.

A MARVEL OF NEATNESS.

In every particular the bank has been converted into what is distinctly modern style. This is evidenced from the moment one sees the plate-glass writing desks arranged along the walls, with bronze deposit and check receptacles beneath. Hardwood floors everywhere, glistening bronze, delicately tinted marble and rich mahogany, all combine to set off to advantage the attractions of the building.

FINE EXTERIOR PRESERVED.

In handling the problem of remodeling the building, the architect, George O. Holmes, has removed every vestige of the interior of the old structure, but did not touch the massive walls nor Ionic colonnades on Forsyth street. The classic exterior of the building has been retained.

Saving a fine old treasure of a building is one thing; to double its capacity without material change of character is another. But these ends have both been achieved.

The great portion of the bank's business centres around the main banking screen, which is rectangular in ground plan, the

rear of the building being utilized for the three mezzanine floors, which are concealed, however, by an arrangement of columns, pilasters and marble balustrades.

The banking screen, always an obtrusive element in a bank's interior, mainly on account of its bronze construction, is in this instance worked out in a series of Doric pilasters and dull glass panels, and it is difficult to call the result a banking cage.

The officers' desks are specially designed and planned to suit the requirements of each officer. They are built of solid mahogany and are indeed exquisite examples of the cabinet maker's art. The electric light reflector is directly under the roll, and all are equipped with master stations for telephones, dictagraph, etc.

The American banking interior is usually a thing of colored marbles, stained glass, tinted panels, gilded carvings and highly polished woods. As a whole these interiors are fine and impressive, but the interior of the Barnett National Bank is a striking contrast. The light gray Italian Botticino marble, a material rarely suggestive of warmth, softness and delicacy, enters into the pilasters, balustrades, banking screen and wainscoting. This is the marble used in the *Domes des Invalides* in Paris, and has stood the test of centuries. Stone slabs from the Knoxville quarries form the floor and fit admirably into the monotone color scheme.

This interior, for all the beauty that would come from a gentle play of light and shadow, would take on a trifle of monotony if it were devoid of all hint of color. This touch of color is lent by the medium tone red mahogany furniture and by the bronze grills, bronze doors and chandeliers.

WORK OF NOTED ARCHITECT.

In planning the banking equipment, F. Schaettler, of New York city, co-operated with the banking officials.

The building of the interior furnishings and equipment required about six months time. All of the furniture and fittings are built of especially selected hard Mexican mahogany in open grain finish, without gloss. They are of the sanitary type, with the large flat surfaces without mouldings, and with bronze shoes where the legs touch the floor.

The gentleman who held the general contract for the entire interior of the bank, F. Schaettler, of New York city, has had a large experience in this particular line, and planned, designed and built the banking equipment of the National City Bank of New York, the largest banking institution in America. It was his intention to give Jacksonville the finest banking interior in the South, and in the opinion of the bank officials, he has not only done this, but the result of his work is a bank that compares favorably with any in the country.

The building and ground are now carried

on the books of the bank at about \$275,000—a figure far below actual value.

HISTORICAL.

The Barnett National Bank was established in 1877 by W. B. Barnett as a private bank, under the name of the Bank of Jacksonville. The original capital was \$40,000, which was adequate at that time,

Jacksonville continued to prosper and the business of the bank grew proportionately, with the result that in 1903 the capital was increased to \$300,000.

In 1908 the charter of the National Bank of Jacksonville expired by limitation (national bank charters are granted for only twenty years), and on April 15, 1908, the Barnett National Bank was organized and succeeded to its business, with a capital of



BARNETT NATIONAL BANK, JACKSONVILLE, FLA.
EASTERN LOBBY, LOOKING NORTH.

owing to the fact that Jacksonville was a mere village. Mr. Barnett was one of Jacksonville's pioneers, and being a man of excellent qualities and admired by all who knew him, and having unusual business ability, the bank enjoyed the confidence of the public from the time of its organization.

In 1888 the bank was nationalized, subjecting itself to the close scrutiny and examinations of the United States Government, and its business having grown so materially, it was necessary to increase the capital to \$150,000.

\$750,000, the bank being named in honor of the founder, Mr. W. B. Barnett.

OFFICERS.

W. D. Barnett, a son of the founder of the bank, is chairman of the board of directors. He has been a banker practically all his life.

Frank Adams, a native Floridian, is president. Mr. Adams is very active and a man of rare business ability.

G. R. DeSaussure is active vice-president.



DIRECTORS' ROOM, BARNETT NATIONAL BANK, JACKSONVILLE, FLA.

Mr. DeSaussure has spent his life in the banking business and is a close student of the banking systems of the world. He was at one time national bank examiner.

A. G. Cummer is inactive vice-president. Mr. Cummer is a wealthy lumberman, operating extensively in Florida and Michigan.

R. E. Wheeler is cashier. Mr. Wheeler worked himself up from a clerical position to the cashiership, and is especially adapted to the banking business. His experience has been extensive, and his services are valuable in his capacity of cashier.

The three assistant cashiers, all of whom worked themselves up from clerical positions, are: W. R. McQuaid, C. S. L'Engle and George A. Kirk, Jr.

EMPLOYEES.

The employees of the bank are: G. N. Martin, M. E. Hunt, Guy Marvin, C. E. Peacock, S. J. Webb, H. W. Boozer, Jr., Karl Bardin, W. L. Sperring, C. E. Ball, A. G. Haubold, T. E. Cain, J. E. Madigan, B. F. Haynes, N. L. Clark, Jesse Speegle, W. R. Poole, I. L. Moore, B. D. Atkisson, W. O. Boozer, John R. Hill, E. G. Haskell, F. H. Farwell, L. F. Bonnell, M. H. Houghton, Harry Kantrowitz, R. S. Adams, T. W. Bishop, D. T. Bibb, P. L. Walton, George Upchurch, W. A. Brown, Arthur

Albertson, Clyde Newman, Richard Oldham, C. B. Eppes, Jr., Wilfred Coates, George Wienbarg, J. H. Marvin, S. C. Vance, Thomas Linton. Porters: Ben Edmonson and Frank Simmons.

THE BANK'S BALANCE-SHEET.

The following statement, published under call of the Comptroller of the Currency, as of April 18, 1912, shows the Barnett National to be the largest bank in the State of Florida, which distinction it has enjoyed for more than thirty years:

RESOURCES.

Loans and discounts	\$5,249,427.79
Overdrafts	1,454.25
U. S. bonds	481,000.00
Bonds and securities	396,941.64
Banking house	273,128.77
Due from U. S. Treasurer	19,000.00
Cash in vault and due from banks	1,575,415.39
Total	\$7,996,367.84

LIABILITIES.

Capital	\$750,000.00
Surplus and profits	535,557.55
Circulation	1,285,557.55
Reserved for taxes	380,000.00
Dividends unpaid	7,619.29
Bills payable	168.00
Deposits	150,000.00
Total	6,173,023.00
Total	\$7,996,367.84

PATERSON (N. J.) SAVINGS INSTITUTION MAKES IMPROVEMENTS

THE Paterson, New Jersey, Savings Institution, which was doing business on the second floor of the building shown in the illustration, decided to make some alterations that would add to the appearance of the bank's quarters and improve the arrangement of the banking offices.

The designers and builders whose plans were finally accepted succeeded in carrying out the alterations without putting any additional columns into the room, and in fact recommended the removal of one column

with a marble balustrade. Floors are parquet, covered with imported rugs.

The opening of the mezzanine floor is framed with a balustrade of marble to match the rail around the officers' quarters, with a marble stairway through the floor to the first floor below, thus forming easy access between the banking rooms on both floors. This stairway is built of marble, enclosed with a marble balustrade. Floors throughout the main banking room are of marble. The counter screen is of marble



VIEW FROM ENTRANCE SHOWING MAIN BANKING ROOM AND MEZZANINE, PATERSON SAVINGS INSTITUTION, PATERSON, N. J. DESIGNED AND BUILT BY BANKERS BUILDING BUREAU, NEW YORK

which shows in the photographs, but it was found that this would have caused an additional expense of four or five thousand dollars on account of extra steel work and other changes made necessary in the ceiling to conceal the structural steel.

The banking offices were arranged on the second floor, and an opening was cut through the second floor, making it a mezzanine.

The vault remains in its original position and is enclosed in safe deposit grille. Nicely arranged solid bronze coupon booths were also installed.

The officers' quarters are entirely enclosed

and walls of the room are wainscoted in marble to the full height of the ceiling of the first floor. The counter front is surmounted with a beautiful bronze top screen arranged with new modern concealed lighting. Bronze and glass check desks, bronze entrance doors and the main entrance to the bank were placed in a corner of the building which is the corner of the two most prominent streets in Paterson.

Counters and desks throughout working space are steel, finished in mahogany. The only wood work throughout the job is the roll top desks and chairs.

The new stone front was put in on the first and second floor of corner to har-



OFFICERS' QUARTERS ON MEZZANINE FLOOR, PATERSON SAVINGS INSTITUTION, PATERSON, N. J.



**SAFE DEPOSIT DEPARTMENT ON MEZZANINE FLOOR, PATERSON SAVINGS INSTITUTION, PATERSON, N. J.
DESIGNED AND BUILT BY BANKERS BUILDING BUREAU, NEW YORK**

monize with the other entrance to the building on the side, with monolith granite columns and stone pediment over same.

Walls and ceiling of room were redecorated and the general appearance of the

room is one high-ceiling room with mezzanine floor.

Considering the results attained, the officers regard the equipment as being very economical in cost.

THE INTERNATIONAL TRUST COMPANY OF DENVER, COLORADO



LOCAL prosperity in Denver is exemplified by changes and improvements in the banking situation. One of the most significant of these is the progress made by The International Trust Company, the largest and oldest institution of its kind in the wide region of which Denver is the financial capital. The new building is now completed and stands at the corner of Seventeenth and California streets, one of the best locations in the city's commercial district.

At the head of this institution are some of Denver's most progressive and conservative men, and to their wise policies is due much of the success of this company.

The building just finished is one-eighth of the total structure, as it is intended eventually to extend the structure twelve stories in height completely across the Seventeenth street facade.

The cost of the entire structure, when finally completed, together with the value of the land, will run well into the millions. The cost of the present building and the plot upon which it stands was over five hundred thousand dollars.

The building just finished is a four-story

and basement structure, so arranged that the two lower floors and the basement are occupied by the International Trust Company as its banking quarters, and the two upper floors are divided into business offices.

While not the tallest in the city, it is built in the best manner possible and so complete that few, if any, buildings in the country exceed it in beautiful simplicity and completeness of details and appointments.

The exterior is of the finest and whitest blocks of marble, while the lower base course is of the celebrated Milford pink granite, highly polished and finished.

The entire first floor, the mezzanine floor or second floor, and the basement contain the banking rooms of the trust company, and show that nothing has been omitted that would help to make this an ideal banking home.

The main room is nearly sixty feet in width, of the full depth of the building, and the ceiling has a height of nearly thirty feet. It is richly but tastefully finished, with ornamental moulded decorations, Arizona opal marble counters, bronze metal screens and rich mahogany cabinet fittings and furniture.

The offices of H. M. Blackmer, president, and Theo. G. Smith, vice-president, the chief executive officers of the trust company, are so located as to be accessible to the public and at the same time within easy communication with the various working departments.

The directors' room, together with the adjoining committee rooms, are located on the front of the mezzanine floor and so arranged that, should occasion require, they can be used not only for the usual meetings of the directors, but also for the formation of corporations and for conferences on charitable and civic subjects.

Especial attention has been given to the safe deposit facilities offered by the trust company, and to this department the most careful study has been directed so as to make it complete in every detail.

The great safe deposit vault, which is one of the heaviest and strongest in the West, is built entirely clear of the walls of the building and so arranged that a view of all its surrounding walls can be obtained at all times of the day and night, thus insuring against undermining.

This entire department, which is located at the rear of the first or main floor, is surrounded by bronze grille work and heavy locked gates, and contains a large number of private alcove or document rooms, and several parlor and writing rooms, from which there is direct entrance to the safe deposit vault.

The vault itself is closed by heavy fire-proof masonry walls and consists of an interlining of many plates of Chrome steel.

storage of valuable papers, jewelry, silver, etc., to which, if necessary, access can always be obtained by the use of an emergency door about two feet in diameter, but as well protected by burglar proof devices as the main door.

The cash and security vault, located at the side of the room, is also of the heaviest vault construction, and will contain heavy Chrome steel burglar-proof chests for the storage of the bills, specie, securities, etc.,



NEW HOME OF THE INTERNATIONAL TRUST COMPANY, DENVER, COLO.

These plates run crosswise to each other and are secured by hardened and tempered Chrome steel screws.

Entrance to this vault is obtained in the daytime by means of a self-closing steel gate and a massive circular Chrome steel door, over seven feet in diameter, which is secured by heavy bolts, operated by quadruple movement time locks and other automatic devices.

The combined thicknesses of this monster door, including the bolt frames, is twenty-four inches, and its weight is over twenty-four tons; the entire vault weighs over seventy tons.

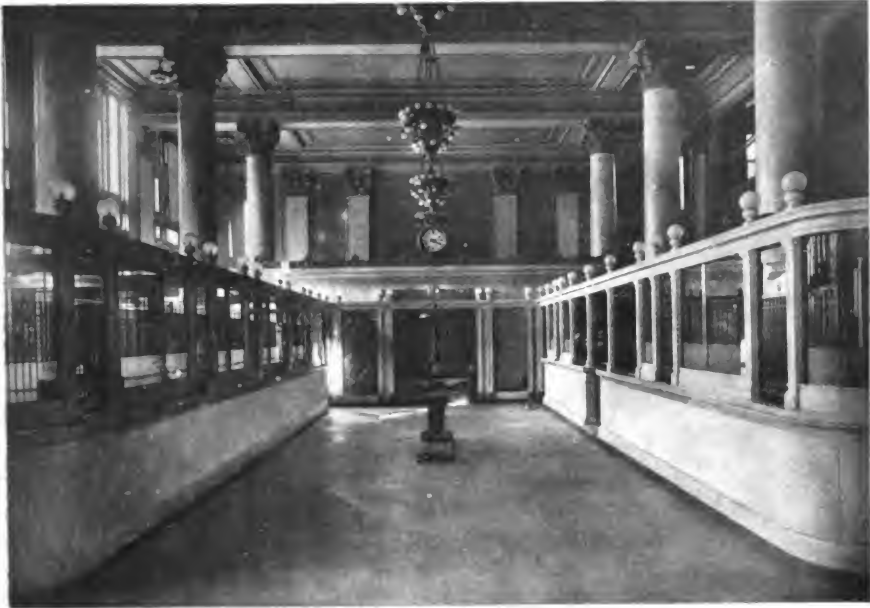
In this vault is placed several thousand safe deposit boxes of various sizes, for the

of the bank, and these chests will be further protected by heavy Chrome steel doors, secured by combination locks and automatic devices.

The book vaults, which have separate masonry walls, are lined with steel and provided with fireproof outer and vestibule doors. Their interiors contain metal book shelves and filing cases for the books, documents, etc., of the bank.

In addition to the vaults named, there has been constructed, in the basement, fire-proof storage vaults for the old books and documents belonging to the bank, and for the storage of trunks, books, valuable pictures, etc., of the public.

The remainder of the first floor to the



INTERIOR OF BANKING ROOM



PRESIDENT'S OFFICE
INTERNATIONAL TRUST COMPANY, DENVER, COLO.



BOARD ROOM



**ENTRANCE TO SAFE DEPOSIT DEPARTMENT, SHOWING MAMMOTH DOOR OF MOST MODERN DESIGN
INTERNATIONAL TRUST COMPANY, DENVER, COLO.**



SAFETY VAULT DOOR

left of the main entrance way is occupied by the entrance to the elevator and to the stairway of the offices above.

The upper stories of the building are sub-divided into convenient sized business offices arranged en suite. Each office is

finished in quartered oak, selected for its grain and finish, and has picture mouldings, painted walls, etc., and is heated by steam and has electric light fixtures.

The plumbing and sanitary systems are of the latest and best, and the entire build-



COUPON BOOTHS AND EMERGENCY DOOR

INTERNATIONAL TRUST COMPANY, DENVER, COLO.

ing will be heated by steam and lighted by electricity. A large vacuum cleaner plant is used to clean the building, and a rapid running elevator gives access to the upper floors of offices.

After all the liberal expenditure in providing every convenience and comfort, with moderate rates for the rentals of the offices, the trust company aims and expects to obtain sufficient aggregate income from its rentals to prove it a wise investment.

The International Trust Company is the oldest and largest institution of its kind in the West. The statement at the close of business April 18, shows the deposits to be \$5,915,565. The capital and surplus is \$1,000,000, and this trust company has on deposit thirty-five per cent. of all the savings deposits in Colorado. During the past twenty years—it was organized in 1892—it has kept pace with the wonderful

growth of Denver. Its officers and directors are men who have made fortunes in Colorado, and who know the State from one end to the other. The list contains the best-known names in the financial circles of the West, and is as follows:

Officers—H. M. Blackmer, president; Theo. G. Smith, vice-president; F. G. Moffat, 2nd vice-president; H. H. Brooks, secretary and trust officer; P. E. Cleland, treasurer.

Directors—A. V. Hunter (chairman of the board), H. M. Blackmer, Theo. G. Smith, F. G. Moffat, M. D. Thatcher, Gerald Hughes, Alva Adams, Thomas Keeley, John Evans, Chas. M. MacNeill, J. H. P. Voorhies, John H. Porter, Spencer Penrose.

A fine increase in business is reported since the trust company moved into its new quarters, especially in the safe deposit department.



NEW BUILDING OF THE UTICA TRUST AND DEPOSIT COMPANY, UTICA, N. Y.

THE NEW BUILDING FOR THE UTICA (N. Y.) TRUST AND DEPOSIT COMPANY

THE architectural style of the Utica Trust and Deposit Company's building can be termed an adaptation of the classic renaissance, for the reason that it embodies the dignified elements of the late Italian style—translated into the idiom of modern materials. Housing as it will an institution of essentially modern character, the building is meant to reflect an expression of its purpose, its place in our life and customs. It indicates its usefulness in sober but graceful phrase.

As in all art, the accomplishment of successfully harmonious results is only obtained by the coördination and happy combination of taste and technique; these essentials are found in the execution of the new building by Egerton Swartout, architect, and Hoggson Brothers, contracting designers, who will deliver to the owners the building and its furnishings complete to the smallest detail.

The construction materials are a light gray granite forming the base of the building up to the line of the base of the columns, and all the work above will be a light dull surface terra-cotta, which will have a depth in quality quite unlike the usual glazed terra-cotta of many of our

modern buildings, so unpleasant because of the unfortunate glinting surface.

The company will use the entire building for its own business instead of the usual combination of a business building with a bank on the first floor. Besides the ample room for safe deposit and storage vault departments in the basement, together with the usual accommodations for the heating and power plant, the first floor is given over entirely to the purposes of the bank; this room, with its simple and dignified scheme of decorations, will be one of the finest in the State. The screens enclosing the private offices and the working space are of light marble and bronze. The first floor extends up through two stories, with a gallery on one side of the room, forming a mezzanine floor, which will be used for various clerks and for the bookkeeping department.

The second floor—or what appears to be the third story from the exterior—will be given over to private offices of the company, directors' room, etc.

Altogether the building will be a distinct architectural addition to Utica, and its construction and equipment are such as to afford the very best facilities to the patrons of the Utica Trust and Deposit Company.

NEW YORK STATE BANKERS' ASSOCIATION NINETEENTH ANNUAL CONVENTION AT BUFFALO

THE nineteenth annual convention of the New York State Bankers' Association, held at Buffalo, June 13 and 14, emphatically declared in favor of strict adherence to sound banking, and in the following preamble and resolutions, unanimously passed, likewise declared its confi-

dence in the sufficiency of the present State and Federal inspection of banks:

Whereas, The New York State Bankers' Association has considered the recent request made by a committee appointed by the Federal House of Representatives for information respecting dealings between



LADIES LEAVING HOTEL LAFAYETTE FOR AUTOMOBILE TRIP

banks and their customers, involving a disclosure of transactions generally regarded as confidential;

Resolved, That this association deprecates the unfounded assertion that any bank in this State is opposed to proper investiga-



WALTER H. BENNETT

VICE-PRESIDENT AND CASHIER AMERICAN EXCHANGE NATIONAL BANK OF NEW YORK

tion by the duly constituted authorities or to the disclosure to them of any and all dealings; that this association has always urged and does approve the most rigid scrutiny by proper visitation as well as the strict enforcement of all laws pertaining to the conduct of banking business;

Resolved, That it is the sense of this association that both the Federal and State banks are conservatively and well conducted and that the supervision provided by existing laws is adequate; that Federal and State officials have complete power of inquiry and have at all times information in respect to any and every transaction in any bank, and that the principle that dealings with customers shall be deemed confidential and information in respect thereto shall be withheld until due process of law or the consent of those whose interests may be prejudiced, shall first be obtained, is proper and wise.

Resolved, That the interests of those engaged in and representing the great industrial and financial affairs of the country are conserved and promoted by a scrupulous

enforcement of the established usage of withholding any disclosure to third parties, except when compulsory, and that hasty criticism or ill-advised attacks upon the long settled practice of banks tends only to disturb business relations and to injure the merchant and the manufacturer.

Resolved, That this association advocates and demands the strictest fidelity and the most rigid regard for law on the part of those charged with the high trust of conducting banking business, and urges that no changes in the law shall be proposed without opportunity for deliberate and careful consideration by the representatives of the banks, who are deeply interested in a sound and conservative monetary system



ELLIOTT C. McDOUGAL

PRESIDENT BANK OF BUFFALO. ONE OF THE SPEAKERS AT THE NEW YORK STATE BANKERS' ASSOCIATION MEETING

and in prudent and adequate limitations upon their administration.

SOME THINGS SAID.

President WALTER H. BENNETT (Vice-President and Cashier American Exchange National Bank, New York): Since our last

meeting the financial condition of the country has been unsatisfactory from the standpoint of the manufacturer, the business man and the banker. The uncertainty and unrest which have prevailed, coupled with the political activities of the last few months, have made the conservative element refrain from engaging in new undertakings, and become more careful in concentrating its available assets. This has naturally led to

with whom we come in contact, that they may be able to think for themselves and realize the need of legislation which will insure the much needed and best currency reform that can be suggested by those who have made a study of the needs of the country in that direction, assisted by those whose every-day life is devoted to the practical necessities of this wonderful country of ours, still in its infancy.



FROM LEFT TO RIGHT: MR. SCHIENCK, MR. MCWILLIAMS, MRS. KNOX, MR. KNOX, MR. HAROLD W. SMITH, MRS. SCHENCK, MR. SNYDER, MRS. SNYDER, MR. HIRAM R. SMITH



BANKERS ON BOW OF STEAMER "UNITED STATES" ON LAKE ERIE

a decided decrease in our normal business, and while fundamentally conditions are on a sound basis, we have much to hope for before we experience the energy in business enterprises which existed before the present period of political agitation.

With the feeling of unrest and the false doctrines which it seems the desire of some of our public men to engender in the minds of the people, we are led to question the sincerity of a large portion of those in public life, and it should be our aim to so educate not only those in our calling, but all

GEORGE M. REYNOLDS (President Continental and Commercial National Bank, Chicago): Our present system of national banking, providing for the concentration in the banks of three reserve cities of such a large proportion of all the country's reserves, naturally places those banks in a position to control the granting of credits against that reserve, thereby placing the money power, in the sense of the power to extend credit, in the hands of a comparatively small number of banks or bankers. Mark you, though, this power has not come

to them through any process of usurpation or as the result of combination or manipulation, but by virtue of the law and as a result of legitimate practices and the natural and normal trend of business in the country.

I believe the bankers of the country have handled the trust faithfully and well. The application of the principle of co-operation by the banks, as a basis of self-protection,

will serve as a complete corrective of any unsatisfactory condition.

WILLIAM E. KNOX (Comptroller Bowery Savings Bank, New York): Congress seems to be always busy investigating things, but never seems to get so well informed that business men can feel assured of its judgment on a business question. May be it is



GEORGE M. REYNOLDS

PRESIDENT CONTINENTAL AND COMMERCIAL NATIONAL BANK, CHICAGO

both to themselves and to their customers, has caused many to misconstrue the real condition of affairs and to apply the term trust to this harmony of action, which is always prompted, so far as I know and believe, by the highest motives born of a sense of fairness and justice; therefore I repeat, I don't believe in the existence of any such thing as a money trust. Whatever the investigation may disclose, I venture to predict that it will be found the establishment of the National Reserve Asso-

ciation will serve as a complete corrective of any unsatisfactory condition.

because there are so few business men in Congress. Congress seems to be composed mostly of lawyers. Now, lawyers are all right as lawyers, I have not the least objection to them. I suppose that they are a necessary evil. We could not get along any better without them, may be, than we can with them, but it might be better if there were fewer of them and more business men in Congress. In England there is a serious discussion going on right now on this subject, whether there is not too high a pro-

portion of lawyers in the legislative bodies.

We bankers think we are all right. We have gone along doing our business as much as we could, in the best ways that occurred to us, and by methods that we thought were good and honorable. We have faith in them now, and if there seems to be any public suspicion about them, the thing for us to do is to get together and convince the public that it is mistaken. The thing for us to do is to get the public informed what real banking, every day banking, is. Find some way, by education in the public schools along the line you are discussing, may be by open discussion, of giving every person in the community the facts about your business, then the public won't listen to this money trust talk.

— — —

ELLIOTT C. McDUGAL (President Bank of Buffalo): We are not going to have any panic for some years to come. We all believe that we are at the very threshold of a period of renewal of business and years of great prosperity. After this Presidential election is over we are going to have good times that will satisfy everybody.

SIR EDMUND WALKER (President Canadian Bank of Commerce, Toronto): The spirit of unrest evident in many countries besides those referred to, is, as we know, working at the roots of established institutions wherever they exist, and whether public, semi-public or private. Unfortunately the result of communication is not necessarily to make men wiser, it mainly tends to make them more alike—to spread abroad ideas both of wisdom and of folly. One must be blind not to see that much of the unrest is due to the unfair advantage possessed by the strong over the weak, and we must be equally blind not to see that much of it arises simply from the hatred of ability and success by the thriftless and incapable. The just man is troubled because it is clear that in the main the legislator is not

so much concerned to equalize opportunities of success for men's efforts as to please the majority or the voters. Whatever we may think of the system of government which makes it possible for the least capable to rule, it is the condition under which we live at the moment. One of the active shapes in which the present unrest shows itself in the United States is by attacks upon corporations which by methods, mainly quite legal, have acquired a position which gives or seems to give them that unfair advantage of the strong over the weak to which I have referred. In pursuing these so-called trusts an indiscriminate hatred of corporations seems to have arisen, and naturally the banks have not entirely escaped. Mere dislike of consolidated wealth as such is, of course, as old as the history of banks and other industrial corporations, but the desire to regulate the activities of privately established corporations in the supposed interest of the public, while not new in theory, has not been an element of disturbance in the conduct of corporations in the United States until recently.

Francis B. Sears, president of the National Shawmut Bank, Boston, gave an informal talk descriptive of the clearing system in operation in his city, and answered many questions on the subject.

Officers were elected as follows: President, C. A. Pugsley, president Westchester County National Bank, Peekskill; vice-president, R. H. Treman, president Tompkins County National Bank, Ithaca; treasurer, C. L. Schenck, Brooklyn; secretary, W. J. Henry, New York.

Bradford Rhodes, president First National Bank of Mamaroneck, was elected as vice-president of the American Bankers' Association for the State of New York.

The enjoyability and interest of the convention were greatly increased by the numerous suitable forms of entertainment generously provided by the Buffalo bankers.



BANKERS ON AFT UPPER DECK

BANKING AND FINANCIAL NOTES



Theobald B. Deauch
The first President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$200,000
Surplus & Profits over 1,000,000

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"ON TO RICHMOND"

EASTERN STATES

NEW YORK CITY

—It has been learned that the \$100,000,000 needed by the Brooklyn Rapid Transit to construct its proposed new extensions will be supplied by Kuhn, Loeb & Co., the Central Trust Company and the corporations controlled by Anthony N. Brady.

—W. Morgan Shuster, lately selected to represent the National City Bank in South America, has left New York to take up his duties in this foreign field.

—The Public Bank of New York City has been designated as a depository for the lawful money reserve of State banks and trust companies in the State of New York.

—The Banque Franco-Americaine of Paris has opened a branch at 45 Wall street in charge of Henri Saint-Seine. The bank

has a capital of 20,000,000 francs. The New York branch will not do a banking business, but will engage chiefly in handling American loans in Paris and floating American securities. Mr. Saint-Seine is well known for the past ten years as being associated with leading American banks and for twelve years previous to this as being connected with the Comptoir Nationale d'Escompte de Paris.

—George B. Williams of Brooklyn has resigned as special deputy superintendent of banks to accept a position as cashier of the Chelsea Exchange Bank at Eighth avenue and Thirty-fourth street.

—John G. Milburn, of the firm of Carter, Ledyard & Milburn, has been elected a director of the National Park Bank to succeed the late J. J. Astor.

—The members of the board of directors of the merged Columbia-Knickerbocker Trust Company are announced as follows: Charles H. Keep, chairman of the board; Benjamin L. Allen, Samuel G. Bayne, Union N. Bethell, G. Louis Boissevain, Frederick G. Bourne, Franklin Q. Brown, Edward H. Clark, George C. Clark, Jr., Harold B. Clark, T. Coleman Du Pont, Frederick H. Eaton, Henry Goldman, Edward H. R. Green, J. Horace Harding, A. Barton Hepburn, Willard V. King, Anthony R. Kuser, William H. Nichols, Augustus G. Paine, Hermann Sielcken, Frederick Strauss, William A. Tucker, Payne Whitney.

—A movement is under way to establish a new bank in the Union Square section of the city. The enterprise is being fostered by a local embroidery manufacturer and is receiving the backing of a number of representative business men. If present plans are successful, the bank will be known as the Mutual Credit National Bank and will have an authorized capital of \$500,000.

—William J. Coombs, president of the South Brooklyn Savings Institution, has just compiled and issued an interesting pamphlet giving, in detail, many salient facts in the history of the institution of which he is president. Opened for business June 1, 1850, the bank has received from depositors to January 1, 1912, \$157,874,806 and credited interest to the amount of \$19,668,670 on the books of depositors, making an aggregate due depositors of \$177,542,476 during the sixty-two years of the bank's existence. During this period depositors have withdrawn \$157,206,513, leaving a bal-

ance due them on the first of the current year of \$20,336,963.

The difference between the actual amount paid into the bank by depositors and the actual amount withdrawn during the past sixty-two years is \$668,293. Had no interest been paid on the principal this would have been the sum reported as due depositors on January 1 last. But because of the rapidity with which interest compounds in the course of the years, this comparatively small sum has expanded into the balance of \$20,336,963.

During the first seven months of the institution's existence, 5,338 depositors had opened accounts amounting to a total of \$751,819. A decade later, 10,678 depositors had brought through the doors of the bank almost three and a half million dollars, and now, after sixty-three years of existence, the deposits total \$20,336,963.

—Lewis L. Clarke, president of the American Exchange National Bank, is in Europe, where he expects to remain about two months.

—Lawrence H. Hendricks, cashier of the New York State National Bank of Albany,



LAWRENCE H. HENDRICKS

LATELY ELECTED VICE-PRESIDENT OF THE
NATIONAL NASSAU BANK, NEW YORK

has resigned to accept the vice-presidency of the National Nassau Bank of this city.

On leaving the State National, Mr. Hendricks was presented with a loving-cup by the officers and employees of the bank as a testimonial of their regard for him.

Richmond National Bank

Richmond, Virginia.



Capital

\$300,000

Surplus and Profits

\$1,385,000

OFFICERS

JAMES N. BOYD

President

J. J. MONTAGUE

Vice-President

RICHARD H. SMITH

Vice-President and Cashier

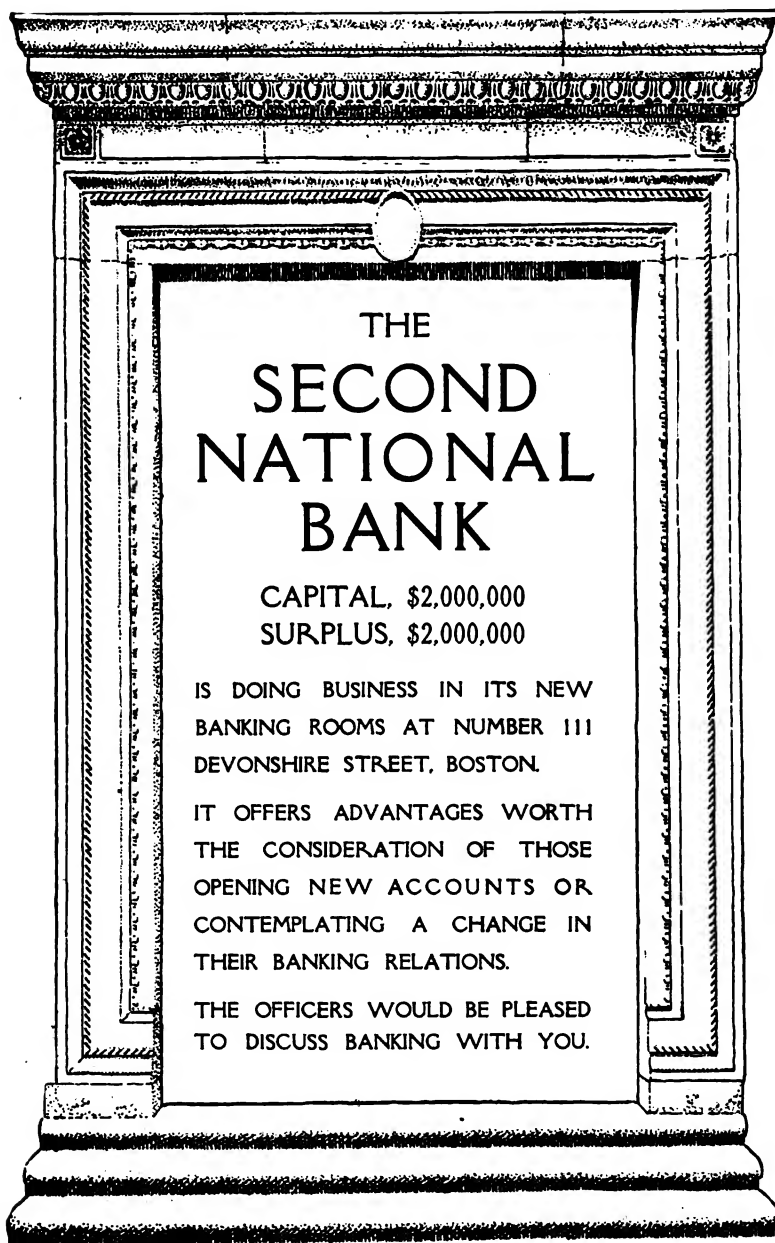
R. LATIMER GORDON

Assistant Cashier

CONWAY H. GORDON

Assistant Cashier

**Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas**



THE
SECOND
NATIONAL
BANK

CAPITAL, \$2,000,000

SURPLUS, \$2,000,000

IS DOING BUSINESS IN ITS NEW
BANKING ROOMS AT NUMBER 111
DEVONSHIRE STREET, BOSTON.

IT OFFERS ADVANTAGES WORTH
THE CONSIDERATION OF THOSE
OPENING NEW ACCOUNTS OR
CONTEMPLATING A CHANGE IN
THEIR BANKING RELATIONS.

THE OFFICERS WOULD BE PLEASED
TO DISCUSS BANKING WITH YOU.

BINDERS AND BLANKS

OF UNIFORM EXCELLENCE

FOR ALL DEPARTMENTS OF BANK ACCOUNTING



CHICAGO

BAKER-VAWTER COMPANY

HOLYOKE, MASS.



—The board of directors of the Guaranty Trust Company recently declared the regular quarterly dividend of eight per cent. and an extra dividend of two per cent. on the capital stock of the company.

—The Broadway Bank and Citizens Trust Company of Brooklyn have merged. It is planned to erect a handsome banking house at the intersection of Broadway and Graham avenue.

Orion H. Cheney, former Superintendent of the Banking Department of the State of New York, was recently elected president of the Pacific Bank, having for the past year been vice-president. Before becoming Bank Superintendent Mr. Cheney was con-

nected with the Garfield National Bank of New York.

The Pacific Bank is controlled by the American Exchange National, one of the large and well-known banks of the city.

—National Nassau Bank's deposits keep climbing up, being \$14,679,000 as per the official statement of June 14. This statement is also the first, issued under the Comptroller's call, to show the increased capitalization. The capital is now \$1,000,000, and surplus and profits \$475,000.

—Deposits of the Hanover National Bank have now passed the one hundred million mark, being \$111,749,205.51 as per the June 14 statement. At the same time the capital reported was \$3,000,000, the surplus \$12,500,000, and undivided profits \$846,610.

—The City Savings Bank of Pittsfield, Mass., has opened an insurance department. The officials of the bank are already planning to engage in an active campaign to bring the advantage of savings bank life insurance to the attention of their depositors and the working people of Pittsfield.

At the present time Massachusetts savings banks have \$2,300,000 of insurance in force and more than 6,000 policyholders.



ORION H. CHENEY

NEWLY ELECTED PRESIDENT OF THE PACIFIC
BANK, NEW YORK

RUDOLPH GUENTHER

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—The Mechanics Savings Bank of Lowell, Mass., has just completed fifty-one years of existence and growth, and its treasurer, Charles C. Hutchinson, one of the best known bank men in Lowell, has rounded out forty years of active service as custodian of the funds.

—Henry E. Gaylord, formerly a State Senator of Massachusetts, has been elected president of the Mechanics Savings Bank of Holyoke, Mass., succeeding the late Lemuel Sears.

—Consolidation of the Phoenix National Bank and the American National Bank, of Hartford, Conn., is announced.

—The Pacific National Bank, Lawrence, Mass., has just taken possession of its new building.

—The National State Bank of Camden, N. J., is the oldest financial depository in the southern part of that State, and is antedated by only two banks in the entire State.

—C. B. Troutman has been elected president of the First National Bank, Finley-

ville, Pa., to succeed the late Col. A. H. Anderson. Mr. Troutman has been vice-president. He will be succeeded in that position by John E. Potter, president of the Potter Title and Trust Company of Pittsburgh.

—At a recent meeting of the board of directors of the Second National Bank, Pittsburgh, Pa., W. S. Kuhn was elected president to succeed Henry C. Bughman, who resigned because of ill-health. Mr.



W. S. KUHN

NEWLY-ELECTED PRESIDENT OF THE SECOND NATIONAL BANK, PITTSBURGH, PA.

Kuhn is a member of the firm of J. S. & W. S. Kuhn, bond dealers of Pittsburgh, and is well known in financial circles. His firm controls many large enterprises in and about that city.

—The Fidelity Trust Company of Newark, N. J., has rounded out the first-quarter century of its existence. The company began business in May, 1887, with a capital of \$200,000, and its latest report places the capital, surplus and undivided profits at \$9,500,000. Its resources are given as more

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than \$29,000,000. The deposits in the commercial banking department total \$13,500,000, and in the savings department, \$4,850,000. Since the organization of the savings department depositors have been paid an aggregate of \$744,600 interest.

—Mount Union, Pa., has a new bank—the Central National—with a capital of \$60,000 and surplus of ten per cent. The officers elected were: President, Thomas H. Adams; vice-president, S. Reed Hayes; cashier, W. T. Bell; directors, R. H. Longacre, A. S. Welch, L. J. Myers, R. P. H. Davis, H. C. Kinsloe, J. G. Spangler and H. C. Huston.

—The first statement issued by Henry J. Ford as New Jersey's State Commissioner of Banking and Insurance, shows an increase of \$32,721,205.34 in the aggregate resources of the ninety-five trust companies, twenty-five savings banks and twenty-one State banks of the State. The resources of these institutions total \$396,352,208.37, an increase of nearly ten per cent. over the previous year.

At the close of business, April 18 last, the trust companies had aggregate resources of \$252,920,773.58, an increase of \$25,084,139.70 over the statement of March 7, 1911. The deposits increased during this time nearly \$20,000,000, making total deposits of \$192,451,884.98.

The resources of the savings banks, according to the statement, amount to \$122,353,739.37, an increase of \$5,407,243.95. The deposits of these institutions aggregate \$112,305,215.23, an increase of \$4,839,511.90 for the year.

The State bank resources amount to \$21,077,695.42, an increase of \$2,229,821.99. The deposits of the State banks aggregate \$16,424,263.80, an increase of \$1,769,767.90.

—At a recent meeting of the National Bank Cashiers' Association of Massachusetts in Boston, these officers were elected: President, Ralph P. Alden of Springfield; vice-presidents, S. R. Stevens of Marlboro and F. L. Oaks of South Framingham; secretary, B. W. Guernsey of Wellesley; treasurer, F. B. Wheeler of Cambridge; and executive committee, F. G. Mason, Attleboro; H. C. Robinson, Southbridge, and John F. Tufts, Watertown.

—Governor Aram J. Pothier of Rhode Island has been elected president of the Union Trust Company, Providence, succeeding Rathbone Gardner, resigned. Harold J. Gross was elected vice-president, and Marsden J. Perry, chairman of the board of directors.

—A new State bank, capitalized at \$30,000, has been formed in Upper Marlboro, Md. Dr. Lewis A. Griffith was elected

Capital - \$2,500,000.00

**FIRST
NATIONAL
BANK**

Deposits, \$32,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,571,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

president; Henry L. Morris, vice-president, and J. Enos Ray, Jr., and Joseph C. Mattingly, attorneys.

A one-story modern bank building is to be erected. The new bank will be ready for business about September 15.

—Forty years of service in the development of Ebensburg, Pa., stands to the credit of the First National Bank, which recently completed a modern building to better accommodate the bank's growing business.

Starting with a capital of \$50,000, the bank has paid yearly dividends of from six to twenty-four per cent. and has added \$250,000 to its surplus.

—By an almost unanimous vote the New York State Savings Bank Association, at its nineteenth annual convention, held in New York recently, decided to split the organization up into five groups, according to neighborhood lines. The State organization is in no wise affected, but the division will permit a greater measure of "home rule," its advocates contended, and is expected to end the dispute over uniform rates of interest, which has been a live topic at the meetings for several years.

Three of the new groups divide the territory up-State and the other two take in respectively New York and Westchester counties and Kings, Queens, Suffolk, Richmond and Nassau counties. Each group will hold at least one meeting a year and at its annual meeting will elect a chairman, a secretary, a treasurer and an executive committee of three members. The bond between the separate groups and the State association will be through the chairman and secretary of each, who will make up the executive committee of the State body. There will also be included in the executive committee of the State association its six officers.

The group organizations will be made at meetings to be held by the banks of each designated territory.

After interesting talks by Charles E.

Hanaman, president of the Troy Savings Bank, the retiring president of the State organization, and Clark Williams, president of the Windsor Trust Company, New York, the following officers were elected: President, H. P. Brewster, president Rochester Savings Bank; first vice-president, Walter Trimble, president Bank for Savings, New York; second vice-president, William Felsing, president New York Savings Bank; third vice-president, Robert S. Donaldson, president Erie County Savings Bank, Buffalo; secretary, Frederick B. Stevens, treasurer National Savings Bank, Albany; treasurer, William H. Rockwood, president Union Square Savings Bank, New York; executive committee, Henry A. Schenck, president Bowery Savings Bank, New York; Thomas F. Balfe of Newburgh, and Casimir Tag, president of the German Savings Bank, New York.

—The newly remodeled building of the Third National Bank, Buffalo, N. Y., has been taken possession of by the bank. The improved quarters are modern and well planned in every detail.

—The new twelve-story National State Bank building, just opened at the corner of Broad and Mechanic streets, Newark, N. J., was designed to provide not only suitable banking quarters, but to contain modern offices, and so produce an income commensurate with the value of the plot. This, besides being an asset to the bank, supplies a demand of that section.

The building is of skeleton steel construction, faced with granite and limestone on the lower floors and ivory terra cotta above. It is fireproof throughout. The heating, lighting and plumbing are of the highest class. The bank occupies the entire first floor, including a mezzanine on the south side, which provides very spacious and comfortable quarters for its increasing business. The basement is arranged to equip a thoroughly modern safe deposit vault. The fittings are of marble and bronze, and the arrangement of glass and grill affords an unobstructed view of the entire floor.

The Union National Bank

CAPITAL \$1,600,000

Cleveland, O.

SURPLUS \$900,000

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. C. SAUNDERS, Asst. Cashier

W. E. WARD, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Organized in 1884. More than twenty-five years of service back of us. May we be of use to you?

As the National State Bank has been in existence 100 years, it seems peculiarly fitting that the celebration of its centennial should be marked by the erection of this beautiful new structure, not only as a monument to the bank as an institution, but as a step in the progress of the city with which the bank has been so intimately associated, and no doubt with the increased facilities provided, the bank will enjoy even greater prosperity.

—Assistant Cashier George A. White of the New York State National Bank, Albany, has been appointed cashier in place of Lawrence H. Hendricks, who resigned to accept the vice-presidency of the National Nassau Bank, New York city.

PHILADELPHIA

—Organized on November 20, 1816, the Philadelphia Savings Fund Society stands to-day as the oldest institution of its kind in the United States and one of the largest in the world. The important place it holds may be realized from the fact that it has more than 276,000 depositors and more than \$106,000,000 in deposits, while in the year 1911 alone deposits were received from 44,402 persons, totaling \$24,525,599. Among the depositors are twenty-five different nationalities.

—Charles S. Walton has been elected president of the Central Trust and Savings Company, Philadelphia, Pa., succeeding H. M. Van Court, who resigned because of failing eyesight.

PITTSBURGH

—The Dominion Trust Company succeeds the Guardian Trust Company, organized in 1903. The new company continues the business of the Guardian Trust Company, at the latter's address, without interruption. The Dominion Trust Com-

pany has an authorized capital of \$500,000, which will be increased to \$1,000,000 or more later. George E. Reynolds is president and O. S. Decker first vice-president and chairman of the board of directors. Mr. Decker was president of the Guardian Trust Co.

—B. O. Hill, of the Second National Bank of Pittsburgh, was unanimously chosen president of Pittsburgh Chapter, American Institute of Banking, at the annual election of officers held recently.

Mr. Hill is one of Pittsburgh's young bankers and has been an enthusiastic advocate of advanced education through the Institute, being among the first to secure the Institute's educational certificate. He is a charter member of the Pittsburgh Chapter, and throughout his long association has been a tireless worker, having served as chairman of the ways and means committee, and for the past five years holding the responsible and arduous position of secretary of the Pittsburgh Chapter, the second largest in the United States in point of membership.

Few, if any, have been more prominent in national institute affairs than Mr. Hill, and last September, at the annual convention, held in Rochester, N. Y., he was elected a member of the executive council of the national organization to serve for three years.

Mr. Hill numbers among his friends members of the various chapters throughout the United States, all of whom wish him continued success and advancement in his chosen profession.

The other officers elected were: Vice-president, J. A. Mead, Fidelity Title and Trust Company; secretary, John H. Luther, Farmers Deposit National Bank; treasurer, W. E. Scheibler, Diamond National Bank. Directors: H. E. Hebrank, Union National Bank; John M. Crumrine, First National Bank; Charles R. Shaw, First National Bank, McKeesport; B. S. Space, Fidelity Title and Trust Company; E. A. Owens, City Deposit Bank; Geo. B. Rankin, Central National Bank, Wilksburg.

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL
\$1,000,000

SURPLUS
\$1,000,000

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
WILLIAM L. DOUGLASS, Cashier
ARTHUR W. SNOW, Asst. Cash.

DIRECTORS

James McCutcheon Samuel Adams
Charles T. Wills William H. Galeshen
Ruel W. Poor Morgan J. O'Brien
Thomas D. Adams

BOSTON

—The directors of the National Shawmut Bank have called a special meeting of the stockholders, to vote upon the question of an increase of the capital stock of the bank from \$3,500,000 to \$10,000,000. It is proposed to issue 65,000 shares of new stock at \$120 per share. This will yield \$7,800,000. The present capital of the bank is \$3,500,000; surplus, \$4,000,000; undivided profits, \$2,000,000; total, \$9,500,000. By the payment in of the additional capital, as proposed, the figures will be: Capital, \$10,000,000; surplus, \$6,000,000 undivided profits, \$1,300,000; total, \$17,300,000; stockholders' liability, \$10,000,000.

—At a recent meeting of the Boston Bank Officers' Association, these officers were elected: President, Bertram D. Blaisdell, assistant cashier First National Bank; first vice-president, George E. Brock, Home Savings Bank; second vice-president, Howard T. Mann, National Bank of Commerce; secretary, Edwin A. Stone, Franklin Savings Bank; treasurer, Robert E. Hill, Webster and Atlas National Bank; directors for two years, Thomas E. Eaton, New England Trust Company, and Williston Lincoln, United States sub-treasury; trustee for three years, Frederick W. Rugg, National Rockland Bank; auditor for three years, Frank W. Bryant, Second National Bank.

Bertram D. Blaisdell, the new president, entered the banking business in 1885 as receiving teller of the Broadway National Bank, where he remained until 1900, when he joined the staff of the Massachusetts

National Bank, also as receiving teller. When the Massachusetts National was consolidated with the First National Bank in 1903, Mr. Blaisdell became assistant cashier.

SOUTHERN STATES

—At the recent meeting of the Richmond, Va., Chapter, American Institute of Banking, these officers were elected: President, Aubin K. Parker, First National Bank; vice-president, W. W. Dielard, American National Bank; secretary, John S. Haw, First National Bank; treasurer, John C. White, Merchants National Bank. Board of governors: The preceding officers and S. P. Ryland, First National Bank; George H. Keesee, Merchants National Bank; Carter E. Falman, American National Bank; Henry G. Proctor, Commonwealth Bank; N. R. Watt, National State and City Bank. Delegates to Salt Lake City convention: A. K. Parker, C. E. Falman, John C. White, W. W. Dielard, George H. Keesee, Clinton L. Williams and W. M. Goddard, with J. M. Ball, Jr., J. C. Wheat, Julian Winfree, J. S. Haw, C. V. Blackburn and J. P. Wattson as alternates.

—The First State Bank and Trust Company of Abilene, Texas, has increased its capital from \$55,000 to \$100,000.

—At the annual meeting of the Arkansas Bankers' Convention, held at Little Rock, May 28 and 29, the following officers were elected: Charles G. Henry, Newport, president; J. S. Pollock, Little Rock, vice-president; C. S. Lemons, Wynne, treasurer; delegates to American Bankers' Association, L. W. McCrory, Eureka Springs; T. C. McRae, Prescott; Sam W. Reyburn, Little Rock; Henry Thane, Arkansas City; J. S. Turner, Ozark; alternates, C. S. Fitzpatrick, Helena; Ed. L. Parsons, Calico Rock; A. N. Sicard, Fort Smith; W. D. Hearne, Pine Bluff; executive committee, W. P. Wells, Group No. 1; Charles G. Henry, Group No. 2.

—The North Carolina Savings Bank and Trust Company of High Point, N. C., has reorganized with \$100,000 capital and changed its name to the Bank of Commerce. Oscar E. Kearns is president.



Can You Tell the New Counterfeit Dollar Bill from the Genuine Ones?

A cashier of a large New York Bank says that *without plenty of light* it is practically impossible to distinguish the new counterfeit dollar bill from the genuine.

The shadow under the American Flag and the expressions on the faces of Lincoln and Grant are three important features in detecting the worthless bills from the real ones. Unless there is ample light these slight differences pass unnoticed and bad bills are accepted.

FRINK SYSTEM OF BANK LIGHTING With J-M Linolite Lamps

flood the teller's desk, etc., with so much light (without glare, spots or shadows), that every character, design, shading, etc., stand out so clearly on all banking paper or currency that variations from genuine are noticed and fraud prevented.

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Toronto, Ont.			Vancouver, B. C.		



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—By an unfortunate error the March number of the Bankers Directory, published by The Bankers Publishing Co., greatly understated the capital and surplus of the Bamberg (S. C.) Banking Company. The capital was incorrectly reported at \$5,000 and surplus \$1,000. The correct figures are: Capital, \$55,000; surplus, \$45,000, and undivided profits, \$5,351.

While the erroneous figures given in the Directory made it appear that the bank was small and weak, it will be seen that quite the reverse is true. In point of capitalization the bank has more than double the minimum which is required of national banks, and what would certainly be well above the average in country districts. And with respect to capital and surplus, which almost equal the capital, the Bamberg Banking Company is in an exceptionally strong position.

It need hardly be said that the publication of the incorrect figures was not only unintentional, but is deeply regretted. No doubt the strength of the bank is so well known as to prevent any harmful effects which might otherwise have attached to the error.

—Waco, Texas, is to have a new trust company—the Continental—with \$1,000,000 capital. The new company was chartered June 17, under the excellent trust company

laws of Texas, and will be ready for business September 1. The officers will be: President, Judge Sam R. Scott; vice-presidents, Geo. B. Reynolds, L. D. Ross, J. T. Smith; secretary, W. E. Johnson; treasurer, S. P. Ross. Twenty-five prominent business men will comprise the board of directors.

Most of the trust companies organized under the new Texas law have been remarkably successful, and no doubt the Continental Trust Company of Waco will keep up this record.

—The announcement is made of the consolidation of the First and Fourth National Banks, Nashville, Tenn., the title of both institutions being retained, and the capital to be \$1,100,000.

—The Texas State Banking Commissioner has authorized the Commercial National Bank of Shreveport, La., to act as reserve agent for the Guarantee State Bank of Ore City, Texas.

—F. O. Watts, president of the First National Bank of Nashville, Tenn., has accepted the vice-presidency of the Third National Bank of St. Louis, marking the latest step in a remarkable banking career. He began at twelve years of age as office boy in the First National Bank of Union City, Tenn., his home town. When he became of

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NEW YORK

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in every respect*

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from Fifth Avenue*

*Near Theatres, Clubs and Select Department
Stores*

Special Summer Transient Rates

Large Single Outside Room	. . .	\$1.50
“ “ “ “ and Bath	. . .	2.00
“ Double “ “ “ “	. . .	3.00
Parlor, Bedroom and Bath	. . .	4.00

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GEORGE L. SANBORN

PROPRIETOR

Formerly Hotel Cumberland and Hotel Navarre



F. O. WATTS

PRESIDENT FIRST NATIONAL BANK, NASHVILLE, TENN.; VICE-PRESIDENT THIRD NATIONAL BANK, ST. LOUIS

age he was cashier of the bank and before he was forty years old he was president of the American Bankers' Association.

He had previously served as president of the Tennessee Bankers' Association, and is now a member of the executive council of the American Bankers' Association and a moving spirit in it. Mr. Watts went to the First National of Nashville from Union City to become casnier, 15 years ago. In two years' time he was made president.

Having heavy financial interests in Nashville, Mr. Watts, under an agreement with both banks, will divide his time between the two institutions until January next, when he will go permanently to St. Louis.

—At the annual convention of the Tennessee Bankers' Association, held at Knoxville, May 29 and 30, the following officers were elected for the ensuing year: J. N. Fisher of Morristown, president; vice-presidents—East Tennessee, J. W. Willis, Greeneville; Middle Tennessee, W. N. Kannon, Jr., Franklin; West Tennessee, J. N. Harminson, McKinzie; treasurer, S. P. Witt of Lenoir City; chairman executive council, Fred Collins, Milan; members of executive

council, F. L. Fisher, Knoxville; Sterling Fort, Clarksville, and E. L. Rice, Memphis; members legislative committee, R. B. Barbee, Ripley; vice-president of American Bankers' Association for Tennessee, I. B. Tigrett, Jackson; representatives to American Bankers' Association's convention, J. L. Hutton, Columbia, and D. M. Armstrong, Memphis.

—A condensed statement of its condition issued by the Atlantic National Bank of Jacksonville, Fla.; besides including this report, gives in detail valuable statistical information of the city's growth. One item notes a population of 28,429 on December 31, 1900, and 57,699 on January 1, 1910, an increase in ten years of 103 per cent.

Since organized in August, 1903, the Atlantic National has paid total dividends of \$259,000.

—Following are the officers elected by the Alabama State Bankers at their recent convention: W. H. Manley, cashier Birmingham Trust and Savings Company, president; Michael Cody, Montgomery, vice-president, and McLain Chilton, Jr., Pell City, secretary-treasurer (re-elected for the ninth time).

—G. C. McWhirter, of the Fulton National Bank, has been elected president of the Atlanta Chapter of the American Institute of Banking for 1912. The other officers are: O. F. Whitten, vice-president, Decatur Street Bank; J. H. Lockhart, secretary, American National Bank; E. H. Bell, treasurer, Third National Bank. The board of directors, one from each bank in the Atlanta Clearing House, includes J. H. Lockhart, W. M. Anderson, E. W. Ramspeck, C. Everett, B. Rogers, G. C. McWhirter and O. F. Whitten.

—The new building of the Frederick County National Bank, Frederick, Md., is rapidly approaching completion.



IF intelligent handling of items and low rates appeal to you send us your BUFFALO BUSINESS

Capital	-	-	-	\$300,000.00
Surplus and Profits	-	-	-	390,000.00
Deposits	-	-	-	5,800,000.00

A. D. BISSELL, President
C. E. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FEIL, Asst. Cashier

Capital - \$6,000,000

Surplus - \$6,000,000



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United States, State
and City of New York**

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

GATES W. McGARRAH, President.
ALEXANDER E. ORR, Vice-President.
NICHOLAS F. PALMER, Vice-President.
FREDERIC W. ALLEN, Vice-President.
FRANK O. ROE, Vice-President.

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

—The First National Bank of El Paso, Texas, has increased its capital from \$600,000 to \$800,000.

—At the recent regular meeting of the board of directors of the Planters' National Bank, Richmond, Va., Jaquelin P. Taylor of Henderson, N. C., was elected a director to fill the vacancy caused by the death of W. J. Westwood.

—At the annual convention of the Georgia Bankers' Association, the following officers were elected for the ensuing year: President, B. W. Hunt, Eatonton, Ga.; first vice-president, L. P. Hillyer, Macon; second vice-president, L. G. Council, Americus; third vice-president, H. W. Stubbs, Quitman; fourth vice-president, J. T. Duncan, Douglasville; fifth vice-president, H. P. Hunter, Elberton; secretary, Haynes McFadden, Atlanta, and treasurer, E. D. Smith, Griffin.

—At the annual meeting of the Mississippi Bankers' Association, held at Gulfport, May 21 to 23, the following officers were elected for the ensuing year: Dr. O. P. Quin of the First National Bank of McComb, president; J. J. Flournoy, cashier First National Bank of Canton, vice-president, and R. Griffith, vice-president of the First National Bank of Vicksburg, secretary and treasurer.

—The Central National Bank of Waco, Texas, capital \$300,000, has consolidated with the Exchange National Bank, capital \$200,000, under the name of the Central Texas National Bank, making an institution capitalized at \$500,000. There is a surplus fund of \$50,000 and deposits in the two banks total \$1,500,000. The officers are: W. H. McCullough, president; John F. Wright, active vice-president; W. W. Woodson, cashier. The vice-presidents are: F. E. McLarty, P. A. Gorman, R. B. Spencer, J. S. Harrison, C. L. Johnson, J. B. Earle; the assistant cashiers are L. A. Brooks, P. A. Gorman, Jr., and A. J. Peterson.

The Central Texas Exchange Trust Com-

pany, the name of the new trust company organization, is composed of stockholders and friends of both the Central Texas National Bank and the Exchange National Bank, and will fill a need which has become more than urgent in that community. It, too, has a capital of \$500,000. F. E. McLarty is active vice-president and general manager.

WESTERN STATES

CHICAGO AND VICINITY

(Office of The Bankers Magazine, 115 South LaSalle Street.)

—On May 23 the Bankers' Club of the North-West Side held their monthly dinner. They gave an automobile party at the Wayside Inn, at Morton's Grove. The North-West Side banks have approximately \$15,000,000 in deposits and their organization is proving most beneficial. The following banks and bankers are members: Home Bank and Trust Company, the Security Bank of Chicago and the Second Security Bank of Chicago, the Northwestern Trust and Savings Bank, the North West State Bank, the Jefferson Park National Bank, the Avondale Savings Bank, the Milwaukee Avenue Savings Bank, the Krause Savings Bank, T. W. Schultz Savings Bank and R. G. Kimball & Co.

—Secretary of the Treasury Franklin MacVeach has ruled against the issuing of charters for national banks in large cities with capitalizations of less than \$200,000. This will place a ban upon several banks whose promoters have asked the right to form national associations capitalized for fifty or one hundred thousand dollars in the outlying districts of Chicago. The Comptroller of the Currency recently construed

W. H. LEE, President
D. R. FRANCIS, Vice-President
A. L. SHAPLEIGH, Vice-President
GEO. E. HOFFMAN, Cashier

E. B. CLARE - AVERY, Assistant Cashier
J. P. BERGS, Assistant Cashier
D. A. PHILLIPS, Assistant Cashier
L. K. WISE, Assistant Cashier

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - - \$1,700,000.00

Surplus and Undivided Profits \$1,800,000.00

A COMMERCIAL BANK

Interviews and Correspondence Invited

DIRECTORS

JOSEPH R. BARROLL,
Butler Brothers.
J. S. REMIS,
Treasurer Bemis Bro. Bag Co.
G. A. von BRECHT,
President The Brecht Co.
CHAS. A. COX,
President Cox and Gordon
Packing Co.
S. S. DE LANO,
Treasurer American Car and
Foundry Co.
D. R. FRANCIS,
Francis, Bros. & Co.
O. L. GARRISON,
Pres. Big Muddy Coal & Iron Co.

ELIAS S. GATCH,
President Granby Mining and
Smelting Co.
C. F. GAUSS,
Pres. Gauss-Langenberg Hat Co.
CECIL D. GREGG,
President Evens-Howard Fire
Brick Co.
Pres. C. D. Gregg Tea & Coffee Co.
GEO. E. HOFFMAN,
Cashier
S. E. HOFFMAN,
E. R. HOYT,
President Hoyt Metal Co.
W. H. LEE,
President.
B. MCKEEN,
Gen. Mgr. Vandalia R. R. Co.

C. W. MANSUR,
Secretary John Deere Plow Co.
JOHN J. O'FALLON,
O. H. PECKHAM,
President National Candy Co.
C. R. SCUDDER,
President Sam'l Cupples
Envelope Co.
A. L. SHAPLEIGH,
Treasurer Norrell-Shapleigh
Hardware Co.
J. J. WERTHEIMER,
President Wertheimer-Swartz
Shoe Co.
C. W. WHITELAW,
Pres. Polar Wave Ice & Fuel Co.

the national banking law in a manner permitting small banks to organize in Chicago's suburbs and a number of charters were granted. Then came the rush to start more banks of the kind and the Chicago Clearing-House Association protested against the practice, which resulted in the decision of the Secretary of the Treasury above noted. The banks started under the Comptroller's ruling will be permitted to run along for the length of their term, twenty years, but their existence cannot be extended beyond that time unless the national banking law is changed in the meantime.

—The Continental and Commercial Trust and Savings Bank and E. H. Rollins & Sons have been awarded, on their joint bid of 99.28, an issue of \$605,000 city of Chicago hospital and sewer refunding bonds. These bonds were authorized at the April election. They are dated July 1, 1912, and will mature serially from July 1, 1914 to 1932. The rate is four per cent.

—The Continental and Commercial National Bank building, now in process of erection, will be one of the largest bank and office buildings in the world and will cost approximately \$6,000,000. It will be completed in January, 1914. Designed to occupy an entire block of ground, bounded by LaSalle,

Adams and Quincy streets and Fifth avenue, the structure presents architectural possibilities that could not be attempted on smaller sites. The great structure will be a monument to the designer, the late D. H. Burnham. It is the last structure he planned before his death.

—James J. Townsend, of James J. Townsend & Co., was on June 3 re-elected president of the Chicago Stock Exchange to serve one year. Edwin G. Foreman, president of Foreman Bros. Banking Company, was re-elected treasurer of the exchange. Members of the governing committee and the nominating committee were elected as follows:

Governing committee—To serve one year to fill vacancy, John E. May; to serve three years, Frederick C. Aldrich, William Coffeen, Frederick D. Countiss, Henry D. Sturtevant, Frank W. Thomas, Hermann Woltenberger.

Nominating committee, to serve one year —Alfred L. Baker, chairman; Windsor F. Aldrich, Orville E. Babcock, Morton D. Cahn, Ira J. Couch.

—The State Bank of Chicago has leased the banking floor of the new Otis Building at LaSalle and Madison streets. In addition the bank will have forty feet of the LaSalle

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IF you are thinking of getting out a booklet advertising your bank to use the coming fall, now is the time to get it started, because a good booklet cannot be written and printed quickly.

For years we have been writing and printing effective booklets for banking institutions. For a moderate charge we will prepare a booklet from data furnished by you, and we have excellent facilities to print it too if you want us to do so. But in any event, take up with us now the matter of preparing a new booklet for you. All work under the direct supervision of Mr. T. D. MacGregor.

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DIAMOND NATIONAL BANK

PITTSBURGH, PA.

OFFICERS

WILLIAM PRICE, President
D. G. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Capital - - \$600,000.00
Surplus and Undivided Profits 1,620,708.90

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or
Correspondent

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WRITE

street frontage on the ground floor for its savings department and 5,000 square feet in the basement for safety deposit vaults. The main banking room contains about 20,000 square feet. It is not likely that the bank will move into its new quarters before October, as the alterations and changes in the rooms will require several months.

The State Bank was started about thirty years ago by the late H. A. Haugan and John R. Lindgren, who were responsible for its early success. The management now is in the hands of L. A. Goddard, president; Harry A. Haugan, vice-president, and H. S. Henschen, cashier. The bank has deposits of more than \$26,000,000 and ranks twelfth in size among the Chicago banks.

—The following prominent Chicago bankers attended the session of the Iowa Bankers' Association, held in Cedar Rapids on June 5 and 6: Addison Corneau, assistant cashier Central Trust Company of Illinois; J. Fletcher Farrell, vice-president Fort Dearborn National Bank; John F. Hagey, assistant cashier First National Bank; R. M. McKinney, cashier National Bank of the Republic; James G. Wakefield, assistant cashier Corn Exchange National Bank; C. R. McKay, head of the transit department of the First National Bank; G. F. Emery, cashier, and A. W. Axtell, assistant cashier Live Stock Exchange National Bank, and Henry Meyer, assistant cashier National City Bank.

—C. F. Childs & Co. announce that William Ritchie Crawford, senior member of the firm of Coffin & Crawford, has been made manager of their municipal bond department and that the sales organization of the firm of Coffin & Crawford has been consolidated with that of C. F. Childs & Co.

—On May 25 the Bankers' Club of St. Louis entertained bankers from all over the country at a barbecue held on the estate of the Log Cabin Club. Many prominent bankers attended this most enjoyable function, Chicago being well represented in the

gathering by George M. Reynolds, president of the Continental and Commercial National; J. B. Forgan, president of the First National; W. T. Fenton, vice-president of the National Bank of the Republic; L. A. Goddard, president of the State Bank; J. Fletcher Farrell, vice-president of the Fort Dearborn National; James B. McDougal, examiner of clearing-house banks, and Ralph Van Vechten, vice-president of the Continental and Commercial National Bank.

—Richard L. Crampton, secretary of the Illinois Bankers' Association, announces that the annual convention of the association will be held in Peoria, September 25 and 26.

—C. J. Peeples, formerly national bank examiner and for several years vice-president of the American National Bank, St. Paul, Minn., has been elected vice-president of the Citizens' Trust and Savings Bank, Garfield Boulevard and State street.

The officers of this institution are: Oliver F. Smith, president; Frank Nahser, vice-president, and A. H. Luken, cashier. The institution is a State bank, with a capital of \$50,000; surplus, \$12,000, and deposits of more than \$400,000.

—The holdings of Chicago bank stocks have changed very little since a year ago, according to the tax lists just issued.

Norman W. Harris of the Harris Trust and Savings Bank, Frederick H. Rawson of the Union Trust Company, John J. Mitchell of the Illinois Trust and Savings Bank, Henry A. and Chauncey J. Blair, Edward Morris, Samuel W. Allerton, J. B. and David R. Forgan, Charles G. Dawes, George M. Reynolds, John C. Black, Edward Tilden, John A. Lynch, the Foreman brothers, James A. Patton and J. Ogden Armour continue to be among the largest holders of shares of Chicago banks.

Mr. Armour's holdings in the Continental and Commercial National Bank alone amount to 9,350 shares. He also holds 1,286

shares of the Central Trust of Illinois stock.

Many new banks have been added since a year ago, which adds to the list of stockholders

—Earnings of the Chicago Title and Trust Company are running along at a high record rate, and for the half year ending with June the showing will exceed an annual rate of sixteen per cent. on the \$5,000,000 capital stock outstanding. In other words, the company will earn the year's dividend of eight per cent. in the first six months of the period. A year or two hence it is quite probable that the dividend rate may be increased to ten per cent. annually.

Those who are taking the stock now are people who believe in the future of the company as an investment. They virtually are the same ones who bought the shares around 150, when it paid six per cent. dividends. The present basis of income return is four per cent., or the same as it was then. Moreover, there are many of these investors who hold the shares at par or under, which makes their average investment return a fair one on stock purchased at present prices.

—Breitung & Co., Limited, of New York City, Marquette, Mich., and Cleveland, O., have opened a financial and bond department in Chicago under the management of W. L. Rohrer, formerly W. L. Rohrer & Co., with offices at the old location in the Marquette Building. A general investment banking business covering the handling of high-grade bonds and preferred stocks will be conducted.

—The Chicago Savings Bank and Trust Company is moving its trust and real estate loan department to the third floor of its building, in order to provide additional facilities for increased business in the banking department.

—O. G. Corns has become associated with Allerton, Green & King, and will serve in the capacity of sales manager. Mr. Corns has been connected with the Chicago office of E. H. Rollins & Sons for the past nine years.

—At the annual meeting of Chicago Chapter of the American Institute of Banking, held on the evening of May 28, the following officers were elected: President, John W. Rubecamp of the Corn Exchange National Bank; vice-president, F. E. Musgrove, Illinois Trust and Savings Bank; corresponding secretary, William J. Bruebach, Merchants Loan and Trust Company; financial secretary, Bruce Baird, First National Bank; treasurer, John C. Cosgrove, Jr., National City Bank. Executive committee: One-year term, C. A. Edmonds, Northern Trust Company, and Lee King, National City Bank; three-year term, Guy Wickes Cooke, First National Bank. Those who

will represent Chicago Chapter at the national convention of the Institute at Salt Lake City in August are: John W. Rubecamp, delegate at large; Henry B. House, Robert F. Kirchoff, Richard S. Fletcher, Joseph O. Grant, Philip C. Griffin, R. G. Jones, Clarence A. Hobb, Thomas F. Walters, Pierre M. Pederson, Alfred R. Bennett, W. A. Ernsting, J. F. Metzger, G. E. Bangs, Guy Wickes Cooke, Franklin Le Pelley, J. P. McElherne, W. F. Murphy, M. F. O'Connor, O. W. Draeger, George Hill, Edwin C. Baur, George A. Malcolm, Herbert C. Roerr, Frank R. Curda, Theo. F. Elworth, Carl Otto, John P. Scanlan, Wilber K. Lyle, John Grier, Robert I. Simons, James E. O'Riley, Lee A. King, Charles E. Little, A. G. Holmes, James A. Russell, John W. Gorby, John J. Anton, David Johnstone.

Chicago Chapter will send the largest delegation to the Salt Lake convention that has ever represented the city. Enthusiasm is running high and it is safe to predict a record-breaking crowd will board the special train that will be run by way of Denver.

The Chapter, at its annual meeting, also endorsed the retiring president, Harry S. Smale, paying teller of the Continental and Commercial National Bank, for the office of treasurer of the national organization. Mr. Smale is a charter member of Chicago Chapter and has put his shoulder to the wheel in the most approved fashion. Within the past year, during his term as president, the Chapter membership was brought above 900 and splendid work was done in improving the study and lecture courses. He was a delegate to the St. Louis and the Providence conventions and also was a delegate at large to the Rochester convention last year. He numbers his friends and acquaintances among the various chapters by the hundreds and is well deserving of the honor he seeks.

—The Chicago Savings Bank and Trust Company has moved its trust and real estate loan departments to the third floor of the building, to provide additional facilities for increased business.

—Under the pressure of growing business the Foreman Brothers Banking Company has been forced to enlarge its quarters in the Stock Exchange Building to more than twice their former capacity. This is the second time in four years the company has been compelled to seek larger floor space. The deposits at present are \$10,000,000, with a capital and surplus of \$1,500,000.

The savings department of the company, one of the oldest and strongest State banks in Chicago, will be installed in the remodeled quarters. A newly organized trust department, the result of the business expansion of the house, will also be given quarters here.

Capital, \$1,000,000.00**Earned Surplus, \$1,000,000.00****JOHN B. PURCELL**
President**JOHN M. MILLER, JR.**
Vice-Pres. and Cashier**FREDERICK E. NÖLTING, 2nd Vice-President****CHAS. R. BURNETT**
J. C. JOPLIN
W. P. SHELTON
ALEX. F. RYLANDAssistant
Cashiers

FIRST NATIONAL BANK

BILL OF
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ON RICHMOND A SPECIALTY**Strong in resources, conservative
in management, progressive in policy****OF RICHMOND, VIRGINIA**

The new quarters occupy the entire floor space of another bank which formerly occupied quarters adjoining the Foreman Brothers' bank.

The new addition gives the bank a frontage of 100 feet on Washington street and 180 feet on LaSalle street.

With the enlargement of the bank and the unusual growth of business, the staff of officers has been increased to eight members. The officers are: Edwin G. Foreman, president; Oscar G. Foreman, vice-president; George N. Neise, vice-president; John Terborgh, cashier; James A. Hemingway, secretary; Harold E. Foreman, assistant cashier; Andrew F. Moeller, assistant cashier, and Edwin G. Neise, assistant secretary.

The deposits of the bank have more than doubled in the last four years.

—Deposits in the banks of Los Angeles, Cal., increased \$22,104,995 in the four months ending April 30, 1912. The deposits in the commercial and savings banks have reached a total of \$174,984,614.

On January 1, 1912, the deposits in the banks totaled \$152,879,619. The remarkable increase since that time is taken by business men to be a positive index to the great increase in business prosperity the city is steadily enjoying.

There are thirty-six banks doing business in that city. The total resources of these on January 1, 1912, was \$183,266,914, while on April 30 they were \$205,780,695.14.

—The Farmers National Bank of Springfield, Ill., was organized May 15, 1882, and celebrated its thirtieth anniversary by declaring its regular semi-annual five per cent. dividend.

The bank started out with a paid-up capital stock of \$150,000, which was later on raised to \$200,000, and during that time it has paid out in dividends to stockholders \$448,000 and laid by \$301,484 in the surplus and undivided profits.

The bank now has a capital of \$200,000, with surplus and profits of \$300,000 and de-

posits of \$2,000,000. Its business is carefully handled by the following officers and directors, all well-known business men of the community: Officers—Edward D. Keys, president; Samuel J. Stout, vice-president; George Pasfield, Jr., vice-president; Alf. O. Peterson, cashier; George E. Keyes, assistant cashier; Edward Schoettker, assistant cashier. Directors—Samuel J. Stout, Thomas Sudduth, George Pasfield, Jr., John W. Shaver, Edward D. Keyes, Ben F. Caldwell, Dr. A. L. Converse, William S. Jaynes, John Bressmer.

—Since January 1, 1912, the daily average of bank clearings in San Francisco has amounted to \$8,568,400, which is considerably larger than for any previous period in the city's history. As illustrating the gradual upward trend, here are the figures of average daily clearings for typical years in the past twenty-five:

1885.....	\$1,843,753	1906.....	\$6,938,891
1890.....	2,818,039	1908.....	5,780,071
1895.....	2,269,112	1910.....	7,720,175
1900.....	3,397,962	1911.....	8,063,373
1902.....	4,532,547	1912*	8,568,400
1904.....	5,031,577		

* To May 20.

—The Savings Union Bank and Trust Company of San Francisco submits the accompanying items of interest for the fifty-three years of its existence. Total interest, 373.26 per cent.; average interest paid on savings deposits, 7.4 per cent.; total amount of interest paid on deposits from January, 1858 to July, 1910, inclusive, \$14,991,218. As an additional item of interest it is noteworthy that the Savings Union Bank and Trust Company, from the time of its organization in June, 1862, to January 1, 1912, has paid as interest to its depositors, \$32,637,891.

One dollar deposited in the Savings Union on the day it opened for business, if allowed to accumulate undisturbed until January 1, 1912, at the regular rate of interest paid throughout the period, would have amounted to \$18.50.

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Do you know *ALL* about it? Do you know *ANYTHING* about it?

In small places as well as in large ones *SOMEBODY OUGHT* to know.

And that somebody is certainly the *BANK OFFICER*, the *BANK EMPLOYEE* or *SOMEBODY* in the bank.

Immigration is not ceasing. On the contrary it is *INCREASING* and so is our *FOREIGN TRADE*.

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EVERY KIND OF MONEY IS USEFUL and its value should be known everywhere.

Every district in the country is trying to push the **exports of American Goods** to **all countries** over the world. **Knowledge of Foreign Currencies** and **Exchange** is **indispensable** if an intelligent competition is to be sustained abroad.

The time when we **knew** what we wanted to **sell** *has passed*. We must now **know** what **we can sell** and **how we can sell it**. We must meet the competition of all other countries and we **must know** the requirements of **our buyers**. If we **don't know** anything about *their money* we will not be able to maintain the commercial struggle.

Theoretical books will teach you *more than you care to learn* for **practical** use, will absorb your time and may confuse you with the study of monetary problems. Such books are expensive, costing all the way from \$2 to \$10.

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—It is reported that French capitalists, who have correspondents in New York, Boston, Philadelphia and Chicago, but who have been doing their San Francisco business through agencies, principal of which is the Anglo-California Trust Company, have decided to establish a branch in that city.

—Charles E. West, president of the First National Bank of Albion, Neb., has presented Boone county, Neb., with a fine tower clock for its court house.

—The board of directors of the Commercial-German National Bank, Peoria, Ill., at its recent meeting took action calling a meeting of the stockholders to authorize an increase of the capital stock from \$550,000 to \$750,000.

The bank has had a notable growth of business in recent years, its deposits showing an average of \$5,500,000. It already has an accumulated surplus and profits of \$750,000, and this increase of its capital brings the total investment of its stockholders in the business up to \$1,500,000.

—The Marysville, Cal., Bank of Savings now occupies its new building, which is considered by many to be the finest in that section of the State.

—W. K. Cole of San Francisco has acquired a controlling interest in the Vallejo (Cal.) Commercial Bank. G. W. Wilson, president of the bank for nineteen years, has resigned, but will hereafter be identified with the bank as vice-president, devoting a considerable part of his time to outside interests.

—Iowa bankers at their twenty-sixth annual convention at Cedar Rapids, June 5 and 6, took action favorable to better agricultural methods in the United States and fixed upon Des Moines as the place for holding next year's convention. These officers were chosen:

President, Charles Shade, president First National Bank, Rock Rapids; vice-presi-

dent, F. B. Yetter, cashier Iowa National Bank, Davenport; treasurer, Charles R. Hannan, Jr., cashier City National Bank, Council Bluffs; secretary, P. W. Hall.

—A. H. Taylor, heretofore assistant cashier of the Continental National Bank, Indianapolis, Ind., was elected cashier to succeed Brandt C. Downey, resigned. Mr. Downey had been cashier since the bank's organization. He remains a member of the board of directors.

—The new building of the First National Bank, Miles City, Montana, is a modern type of practical bank architecture.

An exterior of Indiana buff limestone, huge monoliths, heavy grilled iron doors, immense metal covered sashes, copper bronze and wrought iron trimmings—all show soundness of construction and taste in arrangement. The interior likewise is thoroughly modern. The panelled base of the fixtures is polished Skyros marble, upper



FIRST NATIONAL BANK, MILES CITY, MONTANA

part being finished in mahogany and bronze grilling, the floor is of marble mosaic and heavily panelled ceilings and walls are decorated in soft tones of yellow and gold. Every advanced idea has been installed that would facilitate business.

A Book For Practical Use

EVERY one has noticed the great rise in prices during the last fifteen years: and every business man in looking back sees the opportunities that he missed by not understanding this change in values. If he had only known that prices would rise in the way that they have he could have done better. In order to be successful some opinion must be formed for the future.

Gold Production and Future Prices

By
Harrison H. Brace

THE treatment of the subject in this book is so calm and fair, the style is so simple and direct, and the conclusions arrived at are so sane and reasonable, that for the general reader the book is much more useful than one crowded with references and burdened with the minutiae of scientific discussion. — *Political Science Quarterly*.

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THE BANKERS PUBLISHING COMPANY
253 Broadway - - - - New York City

The growth in the deposits of the bank is shown herewith:

1882	.....	\$ 151,133
1883	.....	161,703
1884	.....	141,746
1885	.....	203,036
1886	.....	232,499
1887	.....	244,814
1888	.....	250,916
1889	.....	187,506
1890	.....	221,669
1891	.....	285,095
1892	.....	305,928
1893	.....	309,761
1894	.....	462,708
1895	.....	335,644
1896	.....	302,670
1897	.....	468,353
1898	.....	533,832
1899	.....	706,810
1900	.....	661,877
1901	.....	632,834
1902	.....	863,666
1903	.....	871,540
1904	.....	933,267
1905	.....	1,248,310
1906	.....	1,770,333
1907	.....	1,687,141
1908	.....	1,554,380
1909	.....	1,868,533
1910	.....	2,121,900
1911	.....	1,969,318

—The Capital National Bank of Denver, Col., has consolidated with the First National Bank of that place.

—An opportunity of inspecting the Guardian Trust Company, as well as the safe deposit equipment of the National Safety Vault Company, was given the people of Denver, Col., at the recent opening for business in the National Safety Vault Building, 1536 Welton street. This company is capitalized for \$100,000 and has a surplus of \$50,000, the stock having been subscribed for at \$150 a share. Many of the stockholders of the trust company are stockholders of the vault company and the officers and directors of the trust company are all well-known business men.

The principal officers are: Samuel M. Willner, president; Charles Willner, vice-president; Hugh L. MacWhirter, vice-president; John R. Schermerhorn, vice-president; Harry W. Humphreys, vice-president; William L. Hahn, secretary and treasurer; Charles W. Jones, assistant secretary and assistant treasurer.

—Wichita, Kansas, has grown from five banks in 1902, with a capital of \$355,000, a surplus of \$77,000, and total deposits only \$4,350,000, to fifteen in 1912, with a combined capital of practically \$1,000,000 and a surplus of over \$500,000. The banks have on deposit nearly \$12,000,000 at the

Do You Know Why

the British Pound Sterling is worth \$4.86 and a fraction?
the French Franc 19 cents and about three-tenths of a cent?
the German Mark very nearly 24 cents? etc., etc.,

Do You Know Why

the rates of exchange fluctuate **ONLY** within certain figures which are **ALL DIFFERENT** for every class of money?

DO YOU KNOW ANYTHING ABOUT THE DIFFERENT CLASSES OF MONEY there are over the world?

IF YOU KNOW you will think these questions foolish.

BUT IF YOU DON'T KNOW you will find that it is very **EASY TO KNOW** if the questions are explained to you in a simple form.

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Our tables:

“Foreign Currencies” and “Foreign Exchange Rates”
contain **ALL** the information required **UP-TO-DATE**.

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The Bankers Publishing Co., Foreign Dept., 253 Broadway, New York

present, and while other cities have shown a falling off in bank clearings, Wichita has steadily gained in that respect.

—Genesee County Savings Bank of Flint, Mich., in its last report shows the following: Loans, \$2,673,435; cash due from banks, \$581,274; capital, \$100,000; surplus and profits, \$282,931; deposits, \$2,871,777.

This bank's condition is rated first in the State of Michigan and first in the city of Flint, in proportion of surplus and profits to capital.

—At a recent meeting of the Oklahoma Bankers' Association the following officers were elected: E. A. Ramsey of Muskogee, president; T. W. Guthrie of Oklahoma City, vice-president, and W. B. Harrison of Enid, treasurer.

—The Swiss-American Bank and the Anglo-California Trust Company, both of San Francisco, have been merged. The officers are: Mortimer Fleishpacker, president; T. C. Tognazzini and C. F. Leege, vice-presidents, and E. F. Ouer, cashier.

—The Fond Du Lac, Wis., National Bank has issued an interesting pamphlet combining the features of the institution with a comparative statement as herewith:

Statement at Close of Business June 1, 1887.

RESOURCES.

Loans and discounts.....	\$13,580
U. S. Bonds	32,407
Bank building	6,501
Cash and exchange	78,098
	\$130,586

LIABILITIES.

Capital	\$100,000
Surplus	10,000
Deposits	20,586
	\$130,586

Statement at Close of Business April 18, 1912.

RESOURCES.

Loans and discounts.....	\$1,265,612
U. S. bonds	171,000
Banking house	35,000
Cash and exchange	363,518
5 per cent. redemption fund	8,500

\$1,843,631

LIABILITIES.

Capital stock	\$200,000
Surplus fund	50,000
Undivided profits	58,217
Circulation	169,995
Reserved for taxes and interest	14,250
Deposits	1,351,169

\$1,843,631

—Frederick H. Colburn, secretary of the California Bankers' Association, in his annual report, said:

"During the association year just passed many changes have been made on the roll of membership; fifteen institutions have changed their titles, nine of them becoming nationalized. We have lost by reason of mergers, voluntary liquidations, discontinuance of branches, etc., nineteen old members. In the meantime forty-six new members have affiliated. Our total membership, May 19, aggregated 568, a net gain of twenty-seven members over the number reported at Tahoe eleven months ago.

"The membership includes a very high percentage of the aggregate strength of California banks, reckoned on the basis of capital and surplus. Reckoned on the same basis, the strength of the non-member banks is comparatively small, but numerically speaking, there are so many non-member banks that the association would be materially strengthened by their affiliation."

A Book for Tellers

"THE MONEYS OF THE WORLD"

Is a Handy Reference Work
for Every Bank

THE latest publication of the Bankers Handy Series is just out. It is No. IV.—"THE MONEYS OF THE WORLD," and the author is James P. Gardner, of New York.

In this practical book are compiled within a small compass a complete list of the various denominations of the moneys of the principal countries of the world.

The lists are so arranged in tables under the respective countries that the average price at which the denominations of the foreign coins and bank notes may be exchanged or sold in New York for United States money is clearly shown.

This hand-book will prove of very great value to banks throughout the United States in enabling tellers to determine readily the amount they may safely advance to customers presenting foreign money for sale or exchange.

The price is 50 cents per copy by mail, postage prepaid.

The Bankers Publishing Co.
253 Broadway, New York, U.S.A.

—One of Indiana's rising young men, Brandt C. Downey, has resigned his position as cashier of the Continental National Bank to accept the general managership of the Greater Indianapolis Industrial Association. Mr. Downey has held many important posts and is widely known throughout the West.

—In a speech before the Oklahoma Bankers' Association, at Tulsa, J. D. Lankford, Bank Commissioner of Oklahoma, made a suggestion concerning the bank guaranty law of this State, which, if acted upon, would embody a most radical change and one in which every taxpayer in the State would be directly interested. The Bank Commissioner asserts that the taxpayers should have more interest in the guaranty law than the measure as at present constituted gives them, and he suggests that in order to remedy this alleged defect, the State should pay into the guaranty fund whatever amount is necessary to take care of defunct banks, over and above one-fifth of one per cent. assessment on the banks themselves each year.

Under the law as it stands, the banks themselves must meet the assessments necessary to maintain the guaranty fund. Commissioner Lankford's proposition would

pass that responsibility on to the tax payers, with the exception of the one-fifth of one per cent. on the average deposits, as stated.

—Deposits of the First National Bank, Laurium, Mich., recently were \$306,356, compared with \$292,140 on February 20 last.

—Stockholders of the First National of Denver have authorized an increase in its capital stock of \$1,250,000. The surplus account will be raised to the same amount, giving it a capital and surplus of \$2,500,000, as compared with \$1,000,000 capital and \$1,000,000 surplus at present. This change was decided upon when the bank recently acquired the Capitol National and consolidated the two institutions.

—The title of the Union Savings Bank of Pasadena, Cal., has been changed to the Union Trust and Savings Bank and the capital has been increased from \$300,000 to \$425,000.

—A Night and Day bank is being organized in Denver, Col., with a capital of \$50,000. Louis B. Leach is president; E. H. Norton, vice-president, and Louis L. Parsons, cashier.

A NOTABLE BOOK

The Economic Causes of Great Fortunes

By ANNA YOUNGMAN

This is a thorough study of this important subject. Miss Youngman, who is connected with the department of economics at Wellesley College, has given her subject careful study and close research. Her book will be read with interest and profit by all students of economic subjects.

The New York "Times" said editorially: "There is nothing feminine about this book. Dr. Youngman may take her seat beside Ida Tarbell, who knows how to impress herself upon her times even without voting." "The Nation", May 12, 1910, said: "Marked by intellectual balance in discussion and judicial care in the statement of facts."

The book is issued in attractive and readable form, making a volume of 200 pages, bound in red cloth, with title in gold. The price is \$1.50 net.

THE BANKERS PUBLISHING COMPANY

258 Broadway

New York City

The Problem of Advertising Copy—Solved

If you want good, up-to-date, virile, convincing, and withal dignified, copy for your newspaper advertisements, form letters, circulars, booklets, etc., during the year 1912, secure the right now to use exclusively in your community the **MACGREGOR BANK ADVERTISEMENTS**.

The 4th Series, just issued, consists of these different sets:

160 Commercial Bank Advertisements,	Price \$6.00
75 Savings Bank Advertisements.	" 5.00
52 Trust Company and Safe Deposit	" 3.00
25% off if you buy two or more sets.	

The same set not to be sold to more than one bank in a place.

These prices all include a copy of either the fourth edition of the \$1.25 bank advertising text-book, "**PUSHING YOUR BUSINESS**," or a copy of our new book, "**2000 POINTS FOR FINANCIAL ADVERTISING**," the price of which is \$1.50.

All the advertisements and both books were written by T. D. MacGregor, who probably has had more experience in this line of work than any other man in the country.

If you need more special service ask for information concerning our Individual Advertising Preparation Service for Banks.

PUBLICITY DEPARTMENT

The Bankers Pub. Co.

253 Broadway

—The annual convention of the Wyoming Bankers' Association will be held at Cheyenne, August 7-8.

—The Lincoln Savings Bank of Columbus, O., has purchased outright the assets and good will of the People's Bank in that city for a sum said to be about \$100,000.

—The Missouri Bankers' Association elected the following officers at Joplin for the ensuing year: R. R. Calkins of St. Joseph, president; J. B. Jennings of Moberly, vice-president; Richard S. Hawes of St. Louis, treasurer, and W. F. Keyser of Sedalia, secretary.

CANADIAN NOTES

—Nearly \$200,000,000 was borrowed by Canada in 1911.

—Two branches of the Banque Internationale du Canada have been opened in the Province of Quebec, one at Cartierville, Mr. Edgar Grothes, manager, and the other at Murray Bay, under the management of Mr. W. L. Laplante.

—C. W. Dean, who has been acting manager of the Montreal branch of the Bank of Montreal, has been appointed manager.

—The Bank d'Hochelaga has opened a new branch in Montreal at the corner of St. Viateur and Mance streets.

—George Carruthers, formerly of the Windsor office of the Merchants Bank, has been appointed manager of the new Walkerville, Ont., branch.

—The Canadian Bank of Commerce has leased temporary premises at the northwest corner of St. Clair avenue and Dufferin street, Toronto, and will open for business shortly. A substantial bank building will be erected at the northeast corner of the streets in the near future.

—R. R. Wallace has been appointed manager of the Vancouver office of the Bank of Montreal.

Proposals for Banking Reform

Professor O. M. W. SPRAGUE, Assistant Professor of Banking and Finance in Harvard University and a well-known authority in his field, has written a book on

Banking Reform in the United States

A Series of Proposals including a
Central Bank of Limited Scope

This succinct and interesting volume contains in a revised form the following articles on Banking Reform by Professor Sprague which have appeared in recent numbers of the "Quarterly Journal of Economics":—

Criticism of Plans for a Central Bank of the European Type, Proposals for Strengthening the Existing Banks, A Central Bank of Limited Scope.

This is an extremely timely book in view of the great present interest in the subject of banking reform.

Svo. 176 pages. Cloth, \$1.00 net

The Bankers Publishing Co., 253 Broadway, New York City

2000 Points for Financial Advertising

By T. D. MacGREGOR
Author of
"Pushing Your Business"

The purpose of this book is to provide a handy compendium of ideas and phrases suitable for use in the preparation of financial advertising matter—whether newspaper or magazine advertisements, booklets, circulars or "form" letters. It is meant to be a companion book to the author's "Pushing Your Business," which is more of a text-book on this subject.

STRIKING AND TO THE POINT.

We do not hesitate to say that "2000 Points for Financial Advertising" is the best thing of the kind that has come under our observation. The ads. are all striking and to the point.

W. F. BANE, Asst. Cashier,
The First National Bank, Bluefield, W. Va.

A HANDY VOLUME.

This is a handy volume for use in the preparation of financial advertising matter, giving pithy observations upon the value of thrift, and upon such topics as may appropriately receive publicity in the advertisements of commercial banks and trust companies. —Springfield (Mass.) Republican.

"2000 Points for Financial Advertising" contains a wealth of the best material. It is not a collection of advertisements, but represents the cream of Mr. MacGregor's long experience as a writer of forceful financial advertising. 137 pps. Cloth bound.

Price \$1.50, Postpaid

Pushing Your Business

By the same author, is a practical handbook on bank, trust company, safe deposit, bond, stock, insurance and real estate advertising, now in its 4th edition. How to prepare booklets, prospectuses, letters, circulars, street-car cards, newspaper and magazine advertisements that will "pull." A glossary of advertising terms, illustrations of good and poor advertising, methods of conducting an advertising department, and details of campaign plans and follow-up systems. 197 pps. Illustrated. Cloth bound.

Price \$1.25, Postpaid

Special combination price for both "2000 Points for Financial Advertising" and "Pushing Your Business"

\$2.25, Postpaid

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253 Broadway - - - New York City

—The Imperial Bank has opened a branch at Millett and a sub-branch at Wetaskiwin, in the Province of Alberta.

—In the new Canadian Bank Act, which will be introduced shortly after the re-assembling of Parliament, there will be a provision under which the banks will be forbidden to reissue soiled or faded notes. The Dominion Government will shortly issue for the first time \$5 notes and these will replace the \$4 bills, which were always a source of trouble and which will be withdrawn, together with the 25-cent scrip. There will also be issued later on a Dominion \$2 note, which will bear upon its face the vignettes of the Duke and Duchess of Connaught.

—It is announced that the Standard Bank of Canada has decided to increase its capital by a new issue of stock of a par value of \$500,000, which will be offered to present stockholders at a premium of 100 per cent., or \$200 a share.

—Net profits of the Imperial Bank for the year ended April 30 last were \$1,004,340, which compares with \$841,692 a year ago. Profits for the year just ended show 16.93

The Banker and Tradesman
has for over thirty years
been the representative
financial and business weekly
of Boston and New England

127 FEDERAL STREET, BOSTON

per cent. on the average paid-up capital for the year, which was \$5,930,725. Last year the percentage was 15.18.

After paying twelve per cent. in dividend on the capital stock, \$230,440 was carried to the rest account, which now amounts to \$6,000,000, or the same as capital. The balance carried forward is \$1,022,787.

—Canadians are increasing their savings deposits in the chartered banks at a rapid rate. At the end of March they had stowed away \$606,045,000, an increase of \$53,013,000 over the same month in the preceding year. In 1911, in the month mentioned, the gain was \$37,760,000. The increase has been over fifty per cent. in the past five years, and on a per capita basis the savings amounted to \$75.

This, of course, represents only a portion of the people's savings, there being much money in the Government savings banks and with private banking corporations.

—A branch of the Canadian Bank of Commerce has been opened at Maissoneuer, Que.

—The Quebec Bank is seeking authority to move its main office to Montreal.

—The Union Bank has moved its head office from Quebec to Winnipeg.

—W. B. Harshaw of Owen Sound, Ont., has been appointed to succeed Henry Blakeney as manager of the Ottawa branch of the Merchants Bank. Mr. Blakeney is retiring to private life after filling, for a number of years, the position of manager.

—At the annual meeting of the Imperial Bank shareholders, the directors were re-elected. They are as follows: President, Mr. D. R. Wilkie; vice-president, the Hon. Robert Jaffray; directors, Messrs. William Ramsay of Bowland, Stowe, Scotland; Elias Rogers, J. Kerr Osborne, Peleg Howland, Sir William Whyte, Winnipeg; Cawthra

Two Valuable Books

This Company is selling agent for these two important English financial books:

Accountancy. \$11 pp., cloth, gilt, \$2.00.

By FRANCIS W. PIXLEY. An entirely new work dealing with Accountancy, Constructive and Recording, from a theoretical and a practical point of view. The latest exposition of the science.

Money, Exchange and Banking. 270 pp., cloth, gilt, \$2.00. By H. T. EASTON, Associate of the Institute of Bankers. Treats of the above subjects in their practical, theoretical, and legal aspects.

"Is so complete and contains so much that business men and banks in the financial districts have ordered their clerks to read it. It also contains information that every modern business man should have at his fingers' ends."

—N. Y. Evening Telegram.

The Bankers Publishing Co.

253 Broadway, New York

Books for Bankers

	Price
Bankers' Directory. (Red Book).....	\$4.00
History of Banking in the United States. John Jay Knox	5.00
Practical Banking. Claudius B. Patten.....	5.00
Modern Banking Methods. A. R. Barrett.....	4.00
Elements of Foreign Exchange. Franklin Escher.....	1.00
Gold Production and Future Prices. Harrison H. Brace....	1.50
Pushing Your Business. T. D. MacGregor.....	1.25
Economic Causes of Great Fortunes. Anna Youngman....	1.50
Neglected Point in Connection With Crises. N. Johannsen	1.50
Moneys of the World. James P. Gardner.....	.50
Bankers' and Merchants' Perpetual Maturity Guide.....	5.00
Trust Companies—Their Organization, Growth and Manage- ment. Clay Herrick.....	4.00
Savings Bank and Its Practical Work. Wm. H. Kniffin, Jr.	5.00
Practical Treatise on Banking and Commerce. George Hague	3.00
Banker in Literature. Johnson Brigham.....	2.00
Bank Directors—Their Powers, Duties and Liabilities.... John J. Crawford	.50
Credit Currency. Elmer H. Youngman.....	.50
Natural Money. John Raymond Cummings.....	2.00
Two Thousand Points for Financial Advertising..... T. D. MacGregor	1.50

THE BANKERS PUBLISHING COMPANY
253 Broadway - - - - New York City

Mulock, the Hon. Richard Turner, Quebec; Dr. William Hamilton Merritt, St. Catharines, and W. J. Gage.

The earnings for the year amounted to \$841,692.18, which is 16.93 on the average capital stock. The balance at the credit of account, April 30, 1910, brought forward \$696,135.20. The premium received on new capital stock was \$769,559.25.

—The Standard Bank of Canada has opened a branch at Arthur, Ont.

—The Merchants Bank propose building a branch office at Reed Deer, Alta., shortly.

—The Canadian Bank of Commerce has opened a new branch at Danforth avenue, Toronto, Ont. It is understood that this is merely a temporary branch. W. C. James is in charge.

—V. C. Bowkes of the branch of the Dominion Bank at Edmonton, Alta., has been transferred to the London branch as manager.

—Peter Laing of Montreal has been elected director of the Quebec Bank.

—A branch of the Metropolitan Bank has been opened at the corner of Agnes and Elizabeth streets, Toronto.

—The Royal Bank of Canada has established a branch at Calgary, Alta.

—It is reported that the Northern Crown Bank have bought a site for a branch on Eighth avenue west, Calgary, Alta.

—R. A. Dennis, manager of the branch of the Quebec Bank at Young, Sask., has been transferred to Calgary.

—The Merchants Bank of Canada is erecting a branch office at Sull Lake, Sask. It will be opened for business in a few weeks.

—O. H. Sharpe, manager of the Bank of British North America at Fredericton, has been appointed manager of the bank's branch at Ottawa, one of the most important in their chain.

COMING BANKERS' CONVENTIONS, 1912

American Bankers' Association, Detroit, Mich., week of September 9.

American Institute of Banking, Salt Lake City, Utah, August 21, 22, 23.

Arizona, Tucson, October 18, 19.

Illinois, Peoria, September 25, 26.

Ohio, Sandusky, July 2, 3.

South Carolina, Charleston, July 5, 6.

West Virginia, White Sulphur Springs, July 11, 12.

Wisconsin, Milwaukee, July 24, 25.

Wyoming, Cheyenne, August 7, 8. •

THOSE PECULIAR WESTERN BANKS

THE difference between the American East and West so strongly emphasized by rhetoricians and meteorologists extends even to the banking system, says "The World's Work." In the West they lend money on reputation, in the East on security. On a day in June last, six little banks in Seattle had lent on individual or firm notes without any other security than the names \$8,597,000; while the whole national bank group in New York had lent on similar paper only a little more than \$9,000,000. On that same day, in San Francisco, the loans of this sort amounted to more than \$47,000,000.

The Western system is one of credit based upon industry, and upon much closer and more accurate knowledge of the man himself than can ever be possible in the bigger Eastern cities.

[In making comparisons of this kind, the differing functions of banks in large and small cities should not be lost sight of, for in acting as reserve agents the banks in the Eastern cities undertake obligations of large magnitude that they may be called on to fulfill at any time. Reputation is a very good basis for a bank loan, but a bank with a big volume of deposits payable on demand feels more comfortable if this reputation is backed up with something a little more immediately realizable.—Editor BANKERS MAGAZINE.]

FOREIGN BANKING AND FINANCE

EUROPEAN

—Commenting on the conference proposed by the United States for combating bank note forgeries, Herr von Gwinner, the Chief Director of the Deutsche Bank, recently said that the proposition is of the greatest interest and advantage to most civilized nations.

—The issue of city of Paris bonds to the total of \$41,000,000 for the extension of the municipal gas system, has been oversubscribed eighty times. This means that the French people have subscribed to the amount of \$3,280,000,000 and have actually paid in cash over \$115,000,000, as each subscriber had to deposit \$2 per bond subscribed for.

The issue was oversubscribed in Paris alone seventy times.

The bonds, which have a par value of 300 francs, were issued at 285 francs, but are reported at a premium of five francs.

—The amount of fresh capital invested in German banks during the first quarter of 1912 was \$33,000,000.

—Anticipating the possibility of war breaking out in Europe, the Swiss National Bank of Geneva, Switzerland, has just finished printing \$6,000,000 worth of twenty franc "war" notes. This action was taken in accordance with a Federal law which permits such an emergency circulation "in extraordinary circumstances," and upon the report of one of the bank's directors, who recently made a careful investigation of the relations existing among the great powers.

Of course they will not be issued unless war is declared. The lowest bank note at present is fifty francs.

—Roumania reports the following national bank statistics for 1911: Notes issued, \$98,352,242; metal reserve, \$30,559,197; gold drafts, \$11,843,777.

—Finland's banking operations last year were very favorable, the net profits being larger than for any previous year. The private bank dividends for 1911 are as follows: Kansallis-Osake-Pankki, fifteen per cent.; Nylands Bank, eleven per cent.; Wasa Aktie Bank, eight per cent.; all these being the same as for 1910. Privatbankern is paying thirteen per cent., against twelve per cent. in 1909 and 1910. Abo Aktiebank is paying nine per cent., against eight per cent. for 1910; Tammerfors Aktiebank, seven per cent., against six and three-quarters per cent. in 1910; Foreningsbanken, eleven per cent., against ten per cent. in 1910; and Suomen Kauppapankki, four and one-half per cent., against four per cent. in 1910, three and one-half per cent. in 1909 and three cent. in 1908.

—The Lansi Suomen Osake Pankki, capital \$200,000, is being established at Abo, Finland, its chief aim being to procure credit for small landholders, small trade, and industrial enterprises. The shareholders' dividends are to be restricted to eight per cent. Part of the profits will be used for promotion of trade.

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$823,875.00

Deposits, \$3,002,244.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents: —NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR FAZ, Cashier

Mexican Title-Mortgage Co.

Mexico City, Mexico

MEXICAN TITLES

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PERFECTED

Foreclosures and Reorganizations Managed

Mexican Companies Organized

Foreign Companies Protocolized

Real Estate Properties Managed

Mexican Lands Bought and Sold

Concessions Obtained

It costs nothing to write us for particulars

—Four Holland-American mortgage banks have been founded in the district of Amsterdam since January 1. The development of newer sections of the United States, where interest rates are high, is the cause of this. However, doubts are entertained if they will meet with success, owing to the keen competition for loanable funds.

—A Scandinavian bank, under the name of "Banque des Pays du Nord," has been established in Paris, and another, under the name, "The British Bank of Northern Commerce (Ltd.)," in London, and these institutions have connections in Denmark, Sweden, Norway, France and England. The capital of the Paris bank is 25,000,000 francs (\$4,825,000), fully paid, and that of the London bank, £2,000,000 (\$9,733,000), of which fifty per cent. has been paid in.

—American firms seeking to secure funds for loan are advised that Normandy, France, is not a good place to borrow money. Local commerce and industries, such as cotton manufacturing and the importation of coal, lumber and wines, require a good deal of money, and as Normandy is the most conservative district of France, foreign loans make no appeal to investors. A few loans have been made in Algeria, where the returns net eight or ten per cent., but this is because American investors have many interests there and are doing a great deal to develop that colony. Attempts have been

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital\$5,000,000

Subscribed Capital 2,000,000

Paid-up Capital 1,000,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

Agencies at all principal towns in the Republic.

Correspondents in the most important cities abroad.

BANKING BUSINESS TRANSACTED
OF EVERY DESCRIPTION

Special attention given to COLLECTIONS — moderate commission —

Dr. Guillermo Mazzini
President Director

G. Hemmeler
Manager

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$320,315.04

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

made to interest local financial institutions in American loans and commercial paper, but so far without success.

—It is announced in St. Petersburg that John Hays Hammond has made an agreement with a Russian financial group to form a Russian-American bank in that city, with branches in large provincial towns. The object of the institution will be to foster industrial enterprises and to carry out financial operations.

The Prime Minister, M. Kokovtsoff, is reported to have granted a franchise for the bank.

—A bill is now pending in the Russian Duma (Congress) regarding credits for towns and their surrounding territory. It proposes to allow credit in two ways: Through the assistance of a Government cash office for municipal credit and by loans of money from land banks granted without mortgage security.

—Banking facilities at Riga, Russia, have largely increased during the last five years, as in addition to the original three establishments founded by the city and local merchants to assist foreign commerce, four large Russian banks have opened branches there and others are reported to be considering the expediency of a similar step.

ASIATIC

—All the details regarding the organization of the Franco-Japanese bank, noted in the JUNE BANKERS MAGAZINE, have been arranged, and Mr. Soyeda, president of the Industrial Bank of Japan, is in Paris arranging the contract and articles of association.

The organization will be in the nature of a syndicate, the Japanese shares to be held by the Industrial Bank and the French by the Societe Generale, Banque de Paris, Comptoir National d'Escompte, Credit Foncier and l'Union Parisienne. The syndicate will be capitalized at \$5,000,000, the Japanese putting up \$2,000,000 and the French \$3,000,000. The head office will be located in Paris and the branch in Tokyo. The business of the branch bank will probably be conducted by the Industrial Bank. The Parisian banks will keep a specie deposit in the Tokyo office. The new organization will carry on an ordinary banking business, including exchange and loans. It will also have the power to issue debentures and act as promoter in various kinds of enterprises. Its fundamental purpose is to facilitate the introduction of French capital in the industrial development of Japan.

—Twelve branch agencies of the agricultural bank of the Philippine Government

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have been started in provincial capitals since January 1. The agencies have been placed in charge of provincial treasurers, who will confine themselves for the present merely to receiving deposits and carrying a checking account.

—W. Morgan Shuster, who accepted a position as foreign agent of the National City Bank of New York, is expected, on the completion of his tour of South America, to visit Manila, Philippines, with the view of establishing a bank in that place. Besides the institutions already established, there is the French agricultural Bank, whose advent in the Philippines is assured, and the likelihood of provincial banks to be founded as a result of propaganda started by the Filipino Economic Association, as well as the plan for provincial banks being carried out by the Bank of the Philippines.

—A representative of a Belgian syndicate of capitalists recently visited Siam with the object of establishing land banks. It is proposed to lend money in reasonable

amounts to cultivators of land at the rate of nine per cent. The Siamese are said to regard this plan favorably.

—Business men of Fusan, Korea (Chosen), are planning to establish a commercial bank of \$250,000 capital.

—An evidence of Siamese progress is shown by the Minister of Finance increasing from three to eight the number of students sent annually to Europe for a five-year course in finance, and by his extending the course from five to eight years.

—The present situation has emphasized the need of adequate banking facilities in China for the accommodation of Chinese business men. This need has been felt to a greater or less extent ever since foreign trade was inaugurated, but in ordinary times the situation can be relieved to a certain extent by an extension of the operations of the foreign banks in the open ports (whose ordinary functions are those relating primarily to foreign-exchange opera-

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tions) to include more or less support for the uncertain native banks and in some cases to carry importers in transactions which really appertain to the business of Chinese middlemen and should be handled by local banks for such middlemen.

The need of an adequate system of Chinese banks under proper supervision, with ample capital, was never felt so acutely as now. It is encouraging that Chinese business men are the first to appreciate this fact, and both in Central and South China their first plans for business readjustment have contemplated native banks organized on a modern basis and with more or less foreign supervision. For example, it is proposed at Canton to raise funds for the organization of a bank by pledging the water front to foreign capitalists, the capital to be advanced as needed and the bank to be under foreign supervision and management. Funds for a bank with an initial capital of \$1,000,000 silver (about \$425,000 gold) are also being raised in Shanghai, and similar enterprises are on foot in nearly all of the ports south of Shanghai. Any such institutions will be of comparatively slight benefit until all are brought within some comprehensive scheme of governmental supervision and control, but in the meantime their establishment indicates the trend of business development.

--Yuan Shi Kai, president of the Chinese Republic, delivering his first presidential message, said that the most important matter at present was finance. Continuing he said: "Foreign capital being essential to China, the Government is drafting the principles of a financial reform. It is negotiating with the powers for an increase of the customs duties and the abolition of the likin or transit taxes, and the reduction of the export taxes, by which means the income from the maritime and native taxes will be increased to 60,000,000 taels (approximately \$42,000,000), from the present total of 44,000,000 taels (approximately \$30,800,000). This increase would suffice to pay for the amortization of the foreign loans. Railroad and other loans will probably pay for themselves. Pending the big loan the Government will issue short-term Treasury bonds."

AUSTRALASIAN

—At the half-yearly meeting of the Bank of New South Wales, held at Sydney, a dividend on the capital stock was declared at the rate of ten per cent. per annum for the half year ended March 31 last. The sum of £60,000 has been added to the reserve fund, making it £2,085,000, and a credit balance of £85,815 has been carried forward.

LATIN AMERICA

—The London and Brazilian Bank is now paying seventeen per cent. dividends, besides giving a special bonus of five per cent. in commemoration of the jubilee of the bank. This is the second seventeen per cent. dividend recently declared in that country, the British Bank of South America having announced the other.

—A new bank, called the National Bank and Trust Company, has been organized in the Isle of Pines, W. I., by Cuban and American capitalists, with a \$5,000,000 capital. Headquarters are at Santa Fe and Nueva Gerona. The following officers, all of Nueva Gerona, have been selected: E. L. Kennedy, president; W. A. Miller, vice-president, and W. A. North, cashier. The bank will do a general banking and trust business on the Isle of Pines, Cuba and elsewhere.

—The Sociedad Auxiliar de Artesanos of Maracaibo, Venezuela, has organized a savings bank for laboring people, modeled after the American dime savings banks. The bank has just opened for business, and its success seems assured.

—The Banque Francaise pour le Bresil et l'Amerique de Sud; capital, \$1,000,000; head office, Paris, has opened a branch in Brazil, as has also the Compagnie Assurance Generale of France.

—A State insurance bank has been opened in Montevideo, Uruguay, under favorable auspices.

Numerous applications for policies have been received, and the business is expected to increase rapidly as the policies of private insurance companies lapse. The bank has no official solicitors (corredores). One of the important problems the bank has to face is that of reinsurance, concerning which negotiations have been entered into with large companies, with prospects of success.

The bank is now organizing its department for labor accident insurance. It has already received many applications and inquiries concerning this form of insurance from working men as well as from large employers of labor. The purpose of the bank is to carry this class of insurance at cost or even at a limited sacrifice.

In an article commenting upon the start and public reception of the bank, "El Dia" says: "In spite of all that has been said, the State Insurance Bank has been excellently received in commercial circles generally. Even the insurance companies, from which some hostility might have been expected, have given evidences of good will."

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SIXTY-SIXTH YEAR

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THE POLITICAL CONTEST

THE present summer seems to have marked the high tide of hysteria in American politics. One would at least have to go as far back as the ante-bellum days to find anything paralleling the exciting scenes at Chicago and Baltimore. Were it possible to discuss these lively political manifestations with insight and without bias, the result ought to be instructive. But the task is by no means easy. We are yet too near these stirring scenes to view them in the proper perspective. And no matter what efforts are made to be impartial, some innate prejudices will crop out. The superior individual who could from some lofty intellectual pinnacle view unmoved the strife between the contending factions, would be an iceberg incapable of dealing with human problems sympathetically.

He is a shallow observer of present-day conditions who fails to realize that mankind are making a fierce struggle to move forward, politically, socially and industrially. This tendency causes people to lend a willing ear to the preacher of "social justice" and "industrial democracy." But at the doctrines proclaimed, and at the entire programme of the so-called progressive movement, those who consider themselves conservatives stand aghast. They fear for the Constitution, they even despair of the republic.

We are moved to express the conviction that the Constitution will prove sufficiently flexible to adapt itself to changing conditions, and that its spirit will endure though the letter may be

changed. And we refuse to despair of the republic. Were this a Fourth of July oration, we might point out why, in considerable detail. It is quite enough to give one reason—the world has never before in its history seen so many free, prosperous and happy people gathered together in one nation working resolutely and effectively for economic welfare and moral uplift. And doubtless the country will continue to go forward at about the usual rate whichever of the three ambitious gentlemen now contending for the Presidential prize shall be successful at the polls in November.

The bitter conflict between TAFT and ROOSEVELT undoubtedly makes for the advantage of Governor WILSON, the Democratic candidate. Conceivably, of course, ROOSEVELT might draw a large progressive vote from the Democrats and thus either be elected himself or give the election to TAFT. But it does not look that way on the surface of things at present. WILSON seems to be sure of holding the progressive element of his own party and of making some gains from the same element in the Republican party. On the other hand, it seems certain that ROOSEVELT will draw a heavy support from some of the States usually Republican, probably enough to put them in the doubtful column or even to turn them to WILSON.

But political prognostications are exceedingly hazardous. The issues of the campaign are hardly shaped. Who can tell how Governor WILSON may

"wear" as a candidate? His nomination has been well received; but will his strength wax or wane with increase of days? That is a question which time alone can answer. And who can tell how successful will be the appeal of Colonel ROOSEVELT? Will his campaign be regarded merely as a further effort toward personal aggrandizement, or will it turn out to embody mighty moral issues that will set the country ablaze with enthusiasm for him and his cause? Or, on the other hand, will the quiet, thoughtful voters who talk little and shout less conclude that wise and safe progress will best be assured by giving President TART another four years' lease of power?

Although the political conventions of this year have been marked by almost unprecedented excitement, it is remarkable how little the business of the country appears to be affected by all this noise and fury. A close analysis of the platforms adopted at Baltimore and Chicago tends to emphasize the resemblances rather than the differences existing between the two great parties. The contest therefore becomes one between men rather than between opposing principles. An examination of the personal predilections of the candidates is thus of considerable interest.

President TART's attitude on public questions is sufficiently indicated by his acts during the term of his Administration now drawing to a close. He has made an honest attempt to enforce the anti-trust laws, has favored a tariff commission, negotiated a reciprocity treaty with Canada, and negotiated arbitration treaties with Great Britain and France. Grave differences of opinions exist as to the wisdom of the Government's policy toward the big business combinations. But President TART is not responsible for that policy. He does not make the laws, but it is his business to enforce them. In the present temper of the public mind, we do

not see how he could have refused, consistently with his oath of office, to proceed legally against the trusts. The reciprocity treaty with Canada failed because that country rejected it. Probably this rejection was helped by some injudicious utterances of Mr. CLARK, Speaker of the House of Representatives, and by the President himself. Nevertheless, the responsibility for the failure of the treaty lies wholly with the Canadian Government. The arbitration treaties failed because the Senate refused to ratify them. The Tariff Commission—an obviously sensible method of dealing with that vexed question, which threatens every four years seriously to disturb the country's business calculations—has not yet been in operation a sufficient length of time to demonstrate its efficiency.

Time will probably show the wisdom of the President's course in regard to these great measures, and impartial history will uphold the part he took in formulating them.

Mr. TART is, of course, well equipped by temper and training for the discharge of the duties of the Presidential office. He has rendered his country distinguished and honorable service, the memory of which will return when the passions of the present hour shall have passed away and men can see more clearly than they now do.

The President has shown wisdom, patience—but not always tact—in the conduct of his great office. He has, with a single exception, borne himself with a dignity worthy of his exalted station. The exception was when he chose to enter the lists with THEODORE ROOSEVELT in contending before the people for their support for the Presidency. He doubtless believed that the occasion demanded such action—an opinion in which many of the President's most sincere friends have never shared.

But there is one severe criticism

which has been aimed at the President. And it is in substance this: a time came when it was his to choose between service to the people and subserviency to the bosses who make politics a trade, and it is declared that he chose the latter. Of course, this is vigorously denied by Mr. TAFT, and he has time and again challenged his critics to point out some specific act of his tending to confirm the criticism. The President has, like all his predecessors, accepted the assistance of the great leaders of his party (a "leader" is a man on our side; a "boss," one on the other side); but this doesn't mean that he has placed either his judgment or his conscience in their keeping.

Should Mr. TAFT be re-elected, it is probable that his course toward public questions would not differ substantially from that he has pursued heretofore.

Governor WOODROW WILSON, the Democratic candidate, has had, we believe, no political experience outside the term he is now serving as Governor of New Jersey. In active political life he is at a disadvantage, compared with either Mr. TAFT or Colonel ROOSEVELT. He has made a good Governor, but whether he will show a broad grasp of national questions cannot yet be determined. A recognized "progressive," he appears to be wise and cautious. He is, of course, a man of fine education, and of lofty purpose and character. Governor WILSON's utterances and acts do not seem to be such as need occasion any apprehension to legitimate business, should he be elected President.

While unwise radicalism will probably form no part of Mr. WILSON's programme, there may be danger in the election of a new Congress with radical tendencies. The Baltimore convention was controlled by Mr. BRYAN, who dictated its candidate and wrote its platform. Mr. BRYAN is admired by many for his political honesty and his zeal as a reformer. But even those

who most profoundly admire him for these qualities do not trust him on matters of governmental policy towards business. A Congress which he controlled might adopt a radical policy that would disturb the business of the country.

Strangely enough, Colonel ROOSEVELT, generally regarded as the most radical of the "progressives," appears to be making a strong bid for the conservative vote of the country. He is not to depend for his success solely upon ex-coriation of the "bosses" who "stole" the nomination from him, but is going in for a long economic programme and a less drastic attitude toward "big business" than has characterized Mr. TAFT's Administration. He unquestionably represents a large element in the Republican party dissatisfied with the present tendency of things in that organization. But at the time this is written it is impossible to say what will be the effect of his candidacy. Should he be elected, his course would probably be not vastly different from the period of his former incumbency of the Presidency.

Summing up this analysis of the personal characteristics of the leading candidates for the Presidency, it does not seem that there is much solid ground for business apprehension, whoever may be elected. Crops will continue to grow, business will proceed and the Constitution will endure whether the next President, shall answer to the name of WILLIAM, THEODORE or WOODROW.

BANKING AND CURRENCY PLANKS OF THE POLITICAL PLATFORMS

GENERAL interest attaches to the action taken by the Democratic and Republican conventions respecting banking and currency legislation. Here

are the planks of the platforms relating to these subjects:

Democratic: "We oppose the so-called Aldrich bill, or the establishment of a central bank and we believe our country will be largely freed from panics and consequent unemployment and business depression by such a systematic revision of our banking laws as will render temporary relief in localities in which such relief is needed, with protection from control or dominion by what is known as the money trust.

"Banks exist for the accommodation of the public and not for the control of business. All legislation on the subject of banking and currency should have for its purpose the securing of these accommodations on terms of absolute security to the public and of complete protection from the misuse of the power that wealth gives to those who possess it.

"We condemn the present methods of depositing Government funds in a few favorite banks, largely situated in or controlled by Wall Street, in return for political favors and we pledge our party to provide by law for their deposit by competitive bidding in the banking institutions of the country, national and State, without discrimination as to locality, upon approved securities and subject to call by the Government.

"Of equal importance with the question of currency reform is the question of rural credits or agricultural finance. Therefore we recommend that an investigation of agricultural credit societies in foreign countries be made, so that it may be ascertained whether a system of rural credits may be devised suitable to conditions in the United States and we also favor legislation permitting national banks to loan a reasonable proportion of their funds on real estate security."

Republican: "The Republican party has always stood for a sound currency

and for safe banking methods. It is responsible for the resumption of specie payments and for the establishment of the gold standard. It is committed to the progressive development of our banking and currency system. Our banking arrangements today need further revision to meet the requirements of current conditions. We need measures which will prevent the recurrence of money panics and financial disturbances and which will promote the prosperity of this country by producing constant employment.

"We need better currency facilities for the movement of crops in the West and South. We need banking arrangements under American auspices for the encouragement and better conduct of our foreign trade. In attaining these ends the investments of individual banks, whether organized under national or State charters, must be carefully protected, and our banking and currency system must be safeguarded from any possibility of domination by sectional financial or political interests.

"It is of great importance to the social and economic welfare of this country that its farmers have facilities for borrowing easily and using the money. It is important that financial machinery be provided to supply the demand of farmers for credit. Therefore we recommend and urge an authoritative investigation of agricultural credit societies and corporations in other countries and the passage of State and Federal laws for the establishment and capable supervision of organizations having for their purpose the loaning of funds to farmers."

While the Republican platform does not expressly favor the so-called Aldrich plan, the Democratic platform does expressly condemn it. Apparently, the Democrats favor an emergency currency of some sort while the Republicans look to a thorough and permanent reformation. The Democratic

platform would permit national banks to make real estate loans, while both platforms advocate the investigation of European agricultural credit institutions with a view to their introduction here, if found feasible.

COMBINATION OF STATE BANKS AND TRUST COMPANIES

FOR many years this MAGAZINE has advocated the propriety of legislation authorizing the creation of corporations with combined banking and trust company powers. This suggestion was adopted in framing the new banking laws of Texas, California and Ohio.

The wisdom of such legislation is obvious under existing conditions. For whatever views one may have as to the propriety of separating trust company functions from banking, on the face of things as they are, these views lose force. For nothing is plainer than that many trust companies—the most of them in fact—are doing a banking business, and it would be a practical impossibility to dislodge them from the important foothold they have gained and relegate them to the performance of trust company functions pure and simple.

Inasmuch as the trust companies are doing a banking business, why should not the State banks do a trust company business? In other words, why should not the State banking laws be generally amended so as to permit the incorporation of a State bank and trust company under a single charter, if desired. Massachusetts has no State banks—only national banks, savings banks and trust companies. In some of the States mentioned above, a bank may be incorporated either as a State bank, a savings bank, or as a trust

company. It may combine any two of these functions or all three.

It may be doubted whether or not, especially in States having small towns, it would be wise to eliminate the State bank altogether, as has been done in Massachusetts. There are in sparsely-settled districts demands for a State bank, but hardly for a trust company. But there does not seem to be any good reason, in view of the taking on of banking functions by trust companies, why provision should not be made for the chartering of corporations to do both a banking and trust company business. Substantially, this would be conferring trust company powers on such State banks as chose to exercise them. Most of the trust companies are already doing a banking business, and their status would not be changed.

No doubt the efficiency of the service rendered by the State banks would be vastly increased were these institutions endowed with trust company powers.

In the State of New York this matter is already attracting interest, as may be seen from the following letter which Mr. ELLIOTT C. McDUGAL, president of the Bank of Buffalo, and former president of the New York State Bankers' Association, has addressed to the State banks and trust companies of the State:

"Many State banks and trust companies, unfortunately, have been acting as if their interests were antagonistic, as, perhaps, superficially speaking, they appear to be. What all should see is that State banks must share with trust companies a great part of the business which State banks have considered as exclusively belonging to themselves, and that trust companies must share with State banks a great part of the business which trust companies have considered as exclusively belonging to themselves. Trust companies are now purchasing unsecured paper and, in a

great many ways, doing commercial banking. State banks are soliciting interest-bearing deposits and quiet accounts which formerly were considered more particularly the perquisites of trust companies. National banks are establishing savings departments. These tendencies cannot be checked. They will continue to grow.

"The Legislature of the State of New York has it in its power to put the State of New York in the front rank in banking facilities by providing for a class of institutions combining the facilities of trust companies and commercial banks under proper legal restrictions. Such institutions would be more efficient and give the public better service than national banks, and all our State institutions, with the exception of savings banks pure and simple, could belong to the one class. We would have a cohesive body, the members of which, their interests being identical, would work together instead of pulling apart as State banks and trust companies often do. This would insure to the State of New York the continuance of a large number of powerful institutions as State banks which otherwise may gradually withdraw into the national system.

"Some such action by our State Legislature may be necessary as a last resort as, should Congress pass new laws giving to national banks distinct advantages over State banks, State banks, as they exist under the present laws, would be driven into the national system. If it be good policy to legislate to protect State banks against such disadvantages, why is it not still better policy for the State of New York to be in advance of the times and to have its institutions first in the field with the advantages on their side.

"There is no reason why representatives of national banks in the State Legislature should oppose this as, if the new institutions are more effective

than national banks, national banks could become State institutions and share all benefits. Neither must we lose sight of the public, who are entitled to more consideration than the stockholders of the banks. The public of the State of New York are entitled from the Legislature of the State of New York to the very best banking facilities that human ingenuity can devise."

As we have said, some of the States have already adopted the policy which Mr. McDougal urges would be a wise one for the State of New York.

We are not sure that we should not favor an even bolder step than that proposed; namely, to combine the business of State banks, trust companies and savings banks in a single institution. Of course, the friends of the mutual savings banks will probably throw up their hands in horror at this suggestion, but nevertheless it is one which will bear careful examination.

Like all good things, the mutual savings banks have the defects of their qualities. They have admirably succeeded in caring for savings deposits, particularly in the larger cities. But they do not seem to be well adapted to the needs of small towns and rural localities.

The mutual savings bank (which has had no more steadfast advocate than THE BANKERS MAGAZINE) has one striking defect: it lacks the motive of profit which is the incentive to business getting. This tends to make these banks lax in seeking deposits, and undoubtedly allows a great deal of money to slip away into unsound schemes. A more energetic policy on the part of the savings banks would undoubtedly be for the public welfare.

Nor, in strict truth, can it be said that a non-capitalized savings bank affords as much protection to depositors as one with capital. Besides, the huge growth in deposits and the dwindling

margin of surplus of assets over liabilities, have tended somewhat to lower the safety of these institutions.

To suggest that these beneficent institutions should be at once supplanted by stock savings banks, or by trust companies with savings departments, would be to propose an innovation for which the people of New York are not ready.

But since the savings banks have failed to establish themselves in many communities, there would seem to be no harm but much advantage in authorizing the establishment of State banks and trust companies with savings departments in localities where there are no mutual savings banks. Of course, the management of these savings deposits should be most carefully regulated by law.

Theoretically and ideally, much is to be said in favor of banks doing purely a discount and deposit business. Practically, however, such banks are in competition with the trust companies, which can and do carry on discount and deposit operations and many other forms of business besides.

NEXT YEAR'S BANKERS' CONVENTION

ONE of the duties devolving upon the convention of the American Bankers' Association to be held at Detroit in September will be the choosing of a place for holding the annual convention of the association for 1913, the exact date of the meeting generally being left by custom for the decision of the executive council.

Many considerations enter into the selection of a suitable place for holding the convention. Geographical situation is less important than might appear at first sight, because fast railroad trains have greatly lessened the importance of this factor, and for the further reason that a geographical

centre is not necessarily the most convenient to the majority of members of the association.

As a matter of fact the conventions held on either coast or at New Orleans seem to have been as well attended as those held at Chicago, St. Louis or other central points. Probably the average delegate really finds the journey to the conventions more pleasurable in proportion to the distance travelled. To those living in the interior a trip to either the Atlantic or Pacific seaboard has attractions not to be found on a short inland journey.

Of late years the South and Middle West have generally had the conventions and as the convention of 1915 will probably go to San Francisco, it would seem only fair that next year's meeting should be held in the East, leaving the 1914 convention to be held either in the South or Middle West.

Boston will probably make a strong and successful bid for next year's convention. Although some of the cities have been favored with several meetings of the American Bankers' Association, only one convention has been held at Boston—that of August 11 and 12, 1886. It was a Boston bank officer—Hon. CHARLES B. HALL (now deceased), Cashier of the Boston National Bank—who was president of the American Bankers' Association when the first convention was held in 1875.

Boston undoubtedly offers many advantages as a place for holding a large gathering of the bankers of the country. In the first place, the bankers there will be found as hospitable as they are anywhere in the United States. The supposed frigidity of the New England disposition is largely mythical; certainly one finds no lack of courtesy and cordiality among the bankers of Boston. Besides, the banking conditions there will be found an interesting subject of study. In recent years the number of banks has been

greatly reduced and the banking situation immensely strengthened. The foreign department of the Boston Clearing House ought also to prove instructive and a study of its actual workings, on the ground, may lead to its general adoption—something that would be of inestimable benefit to banking and commerce generally.

The hotel accommodations of Boston are ample and of the very best class, and the transportation facilities excellent. The climate, in the early fall at least, is delightful.

The Eastern Metropolis and its suburbs are interesting and attractive in many ways, and are particularly rich in historical associations. Within a few hours' ride of the city, mountain and seashore offer abundant opportunities for rest and recreation amidst scenes of great natural beauty.

Should the American Bankers' Association decide to hold next year's convention at Boston, a cordial welcome is assured by the bankers of that city.

CHINA'S \$300,000,000 LOAN

EFFORTS of the six powers—the United States, Great Britain, France, Germany, Russia and Japan—to reach an agreement regarding the \$300,000,000 loan to the new Chinese Republic have been at last successful, though great difficulty has arisen in regard to the provision in the contract for foreign supervision of the expenditure of the loan.

The indisposition of China to accept foreign aid in spending money borrowed is perhaps partly due to national pride, but may also arise in part from the fact that obligations incident to the revolution which will not bear the strictest scrutiny may have to be met if great dissatisfaction is to be avoided.

That such a condition may exist is by no means discreditable to those instrumental in bringing about the overthrow of the Imperial Government. Revolutions, to be successful, can not exercise at all times a nice discrimination in the choice of means, and under the stress of pressing necessity even the most patriotic leaders might be excused for making the best terms they could.

Perhaps in the long run China will profit greatly by having foreign supervision of her finances for a time. No doubt also this foreign supervision will take due note of the great difficulties under which the Chinese people have recently labored and will do nothing that will hamper the establishment of permanent peace and a gradual return to prosperous conditions.

EXCESSIVE LOANS BY NATIONAL BANKS

NOTICE has been given by the Comptroller of the Currency that all loans by national banks in excess of the limits fixed by law must be eliminated by September 3. It is also announced that strong efforts are to be made by the bank examiners to discover any attempted evasions of the law and to punish banks that may be guilty, even to the extent of requiring that the excess loans be written off as a loss.

Although very often the safety of a loan is by no means affected by its size, experience seems to show that excessive loans to one person, corporation or firm have been one of the most powerful elements contributing to bank failures. This being true, the efforts of the Comptroller to enforce the law are commendable, and he should receive the cordial coöperation of the banks.

THE PRINCIPLES AND PRACTICE OF COUNTRY CLEARINGS

By John Cofer Shirley

Editorial Note.—Few problems at present confronting the bankers of the country are of more importance than that of country check clearings. Were it practicable, as we believe it to be, to devise a general system of check clearings, it would be an easy step to include bank notes in the redemptions as well as bank checks. That done, the chief obstacle to currency would be removed, for there is little in this question except the working out of an effective redemption plan.

In the following article the difficulties of applying a system of clearings over a wide territory are frankly recognized, but they are not considered insurmountable. A conference of experts is suggested as a means of preparing the way for effective action.

LET us suppose in the first place that A and B are indebted to each other in the sum of \$100 each. Now, in order to cancel this indebtedness, A may send to B \$100 in cash and at the same time B may send to A \$100 in cash. This transaction will require a total of \$200 in money. But let us suppose that either one sends to the other \$100, then this same \$100 will cancel the mutual indebtedness. Again, let us suppose that each sends to the other a receipt for \$100. In this case, the indebtedness will be canceled without the use of money.

Let us suppose in the second place that A and B are bankers and that A has a check for \$100 drawn on B, and that B has a check for \$100 drawn on A. Now, each sends to his city correspondent AA and BB, respectively, the corresponding check for collection. The checks are forwarded in due course to A and B and each draws on his city correspondent in remittance, and these city correspondents AA and BB in turn settle with each other. It is plain in this case that before A and B could draw on AA and BB, respectively, that each must have had \$100 with his city correspondent, or a total of \$200 on deposit with both the city correspondents.

Now, we will suppose that there is a clearing house in the aforesaid city where the checks held by A and B can be paid and canceled one against the other. It must be plain to every one that in this latter case there would be an enormous saving of cash money required for the transaction as against the preceding case.

Again, let us suppose that the city correspondents, AA and BB, have authority to pay the checks in cash, without handling them as collections for returns by draft. Here again would be a considerable saving as against the first mentioned case.

PRESENT SYSTEM SLOW AND WASTEFUL.

All these considerations are brought forward to show how exceedingly slow and wasteful our present system of banking is. In the face of this, bankers are constantly raising the rates of exchange charged for this antiquated, slow and insufferable service, and they lose in the operation more in interest and other operating expenses than they charge. The banker loses and the customer loses.

At the same time bankers are working "teeth and toe-nail" for more credit and more currency with which to carry on this top-heavy system of making exchanges. The truth is that we need an up-to-date system of clearings and prompt redemption of existing credit, so as to economize what currency we have already. Our exchange system produces congestion, and to relieve the strain we clamor for more credit, and then we use this credit (or, rather, abuse it) in a way to produce further congestion. We need the nimble sixpence in place of the slow shilling—a swift redemption of existing credit, not a further extension and a further slowing down of all credit.

BETTER CLEARING FACILITIES NEEDED.

What we need is not a central reserve association, so-called, or a central bank. We have now too many banks acting as bankers' banks where checks are subject to a quasi redemption through collection and other centers. We need actual redemption centers; that is, a clearance of foreign or floating checks through definite channels in cash at a nominal, or at least at a reasonable, cost. We need a clearance of country or mail checks in the same way that we now have of city or local checks.

It is not many years ago when all checks were entered and forwarded for collection only. But now the practice is all but universal to enter them for credit as cash on receipt. The next improvement in banking practice will be to make checks equal to cash, both going and coming. As it is, checks are credited as cash, but checks counter to these are sent for collection and not debited, except against a return draft or other instruction. All this is somewhat of a problem, it is true, but it is a problem that we will have to face, and should have faced long ago.

At present the main question is in regard to exchange charges. When a business man or a banker buys a check, he should be able to judge what he is getting for his money. The check itself should state where it will be redeemed and at what rate of exchange, or else where it will be redeemed at par. Checks which can not be collected at par or at a definite rate of exchange should be outlawed just as any other depreciated currency. They are in fact partially outlawed now because an excessive rate of exchange is charged on account of the uncertainty of their status.

What is more, checks which are floated to distant points and are then hawked back and forth across the country in order to realize their par value, or something near par, become a menace to the whole banking system. Demand paper thus held becomes in reality time paper and places too great

a strain upon the reserves. It is not the local exchanges which break down in time of panic, but the non-local or floating exchanges. It is this vicious system that causes the concentration of the money of the country in redemption centers, and this money not for the purpose of actual redemption, but for a further flotation of credit. Banks are allowed to keep a major part of their reserves with reserve agents, but they enter their collections up as such reserve and when their own paper comes to this reserve center or to this reserve agent for redemption they have their actual redemption fund lying there at interest till the check can be forwarded to their own counters and a return draft floated against the same. In the meantime the redemption bank or so-called reserve agent is also floating credit against this same redemption fund.

It is not uncommon for banks to borrow their proportionate reserve of the reserve agent and to use this credit as a redemption fund at the same time. All these practices are a "pyramiding" of credit upon credit, and so to be discouraged. It is the most dangerous method of inflation ever worked up, for there is no way of estimating the extent to which it has been carried or where it will break down.

Furthermore, it is coming to be pretty well understood that the maker of a check should bear the expense of its redemption, or rather perhaps his banker should do so. It is his banker who has the use of the money while the check is afloat. All persons who purchase this paper do so at cost to themselves at even a par rate of exchange, as they lose interest and the expense of forwarding the item. It costs the drawee bank something to place and keep a redemption fund in a redemption center, of course, but the cost is not great and it should be borne by the drawee bank in the same way that the expense of a city clearings is now met by drawee banks.

If the "account" of the customer of the drawee bank in such a case does not warrant this expense, then let the

expense be saddled upon the customer direct in the same way he would be charged for a draft which he can use as exchange.

The only alternative to this plan is to allow each purchaser of a check—each collection agent—a certain compensation for his trouble and expense. But this seems too complicated a process to consider seriously.

What I wish to insist on in this paper is that while the theory of clearing is perfectly simple and well understood, yet the practice either of a real clearing or of an indirect clearance becomes exceedingly complicated when applied to a large territory and to a large number of and a complex system

of redemption agencies. Thoughtful men are likely to be carried away with the idea of a central bank, because it will serve as a general redemption agency; but they have not yet recognized that a central bank will render the system still more complicated and top-heavy.

The question of clearing floating checks has been at times taken up by various associations of bankers, but with little result. What we need is a few meetings of experts in different parts of the country and then a conference of these experts in some central place in order to perfect a plan or at least to prepare the way for such a plan.

THE TELLERS OF A COMMERCIAL BANK

By M. F. Bauer, Paying Teller American Exchange National Bank, New York

I HAVE spoken in my last paper of the different departments of a bank. This must not be understood in the same sense as if the different departments were separate and distinct entities and with different scopes of authority, so that the paying teller could not properly perform the work of the receiving teller, or vice versa. The different departments were established exclusively for the sake of convenience and greater expedition and are merely branches of the cashier's activity, and are all within the scope of the cashier's authority. There is nothing that could prevent the cashier from at any moment taking the place of either the paying teller or the receiving teller and performing their duties or combining both departments or making any other changes or combinations among any of the other departments of the bank.

RECEIVING TELLER'S DEPARTMENT.

The receiving teller is the official appointed to receive the cash deposits of the customers. "Cash deposits"

consist of money and negotiable instruments payable on demand, the total amount of the deposit being placed forthwith to the credit of the depositor on the books of the bank, subject, of course, to the payment of these items; that is, should any item that has been credited to the account of the depositor be returned unpaid to the bank, the bank has the right to charge back the amount of the item to the account of the depositor and return it to him. As a general rule city cash items, that is, items payable in the same city in which they were deposited, that are returned "not good" are not protested unless the depositor for his own protection makes a special request so to do: but out-of-town cash items are usually protested unless special request is made not to do so. In the matter of the legal act of protesting, items forwarded for collection are treated the same as cash items. Items taken for collection are taken conditionally; that is, they are not credited to the account of the depositor until paid.

Great care must be exercised in pass-

EMIGRANT INDUSTRIAL SAVINGS BANK,

51 Chambers Street, New York.

REQUIRED OF DEPOSITORS ON OPENING ACCOUNTS:

Sign your name twice. First name in full. { It is agreed, that this account shall be subject to the By-Laws of the Emigrant Industrial Savings Bank.
It is agreed, that this account shall be subject to the By-Laws of the Emigrant Industrial Savings Bank.

Address,
Occupation,
Date of Birth,
Where Born,
Give the city or town and the country or State.

If Born Abroad, Date of Arrival in America
Per Ship,

Give the Full Name of Each. { Father,
Husband,
Wife, Before her marriage.
Mother, Before her marriage.

TAKE NOTICE.—The Pass Book is the voucher for payment; therefore, keep it in some place safe and secure from loss or theft.

No Draft will be paid, unless the signature of the depositor is recorded with the Bank; in case he cannot write, his mark must be acknowledged before a Notary Public, with a notarial seal, and the acknowledgment attached to the draft.

No Draft or Deposit made without the production of the Pass Book.

FORM 1.—FOR OPENING ACCOUNTS

ing upon deposits. It is not enough for the teller to be capable at a glance infallibly to compare the amount of the items with the amount listed on the deposit slip, and be a fast money counter. There are many who can do this. But in order to be efficient, the teller needs to be conscientious, wide-awake, keen, and quick to detect the irregu-

larities which occur in his department. Some of the irregularities might consist of the wrong heading of a deposit slip; the presentation of a pass-book belonging to some other account; an error in the listing of the amount of a check; an omission to enclose a check which is listed; the enclosure of a check without listing the amount; some item which is not treated as cash and should not have been received as such; some questionable endorsement—as, for instance, where the officer of a corporation draws a check to his own order and deposits the funds of the corporation for his own personal use—of course, I do not refer here to his salary check—and again, where an executor of an estate might deposit the funds of the estate for his own personal account; checks which ought not to be taken from certain depositors unless first certified; out-of-town checks from certain depositors which should not be passed upon as cash; counterfeit coins and bills, which must be detected before mingling with other money; and

No. of Account.....

I hereby subscribe to the By-Laws of
THE DRY DOCK SAVINGS INSTITUTION,

339 and 341 Bowery, New York,

as expressed on the inside of this paper. I desire to open an account and make the statements below, with my signature attached, thereby signifying my assent to the By-Laws and the correctness of the statements.

Your Name?
Age?
Residence?
Single?
Occupation?
Married?
Husband's Occupation?
Widow?
Father's Name?
Father Living?
Mother's Name?
Mother Living?
Signature?

FORM 2.—FOR OPENING ACCOUNTS

any number of other things which daily come up. These matters are of just as much importance as the final balancing of the cash, and a failure on the part of the teller to detect them in time has led to embarrassment and litigation.

No teller can afford to fail to keep abreast of the development of banking matters and banking law, especially those matters which directly concern his own department. Of course, it takes a long time to acquire this knowledge and experience, especially when it devolves upon oneself to do so. True, many tellers have become "the teller" by having previously served as assistants, but also true that they too often fall into the way of doing the work as it has always been done, thoughtless and mechanical, not knowing why it is done and how it should be done, but simply that they have never considered that there might be an easier and better way.

The time will come, as it has already come in other lines of business, when the banks, especially the larger ones, will require an officer who will act as an efficiency engineer, whose sole duty will be to train, develop and superintend the force of clerks, to bring them to a higher standard of efficiency and to devise such improved and wasteless systems as will produce the best value and the best results. When it is possible to increase the efficiency of a hundred or more men plus the time saved that it now takes under ordinary circumstances to acquire such efficiency, is it not a matter which should receive serious consideration? Under such a plan new men would be taken on probation, say from three to six months; and if during this period they have shown that they have the necessary

qualifications for a clerkship in the institution they would be retained, otherwise they would be dropped. This would eventually eliminate much of the "deadwood" with which many of our institutions are now encumbered.

The receiving of a deposit by a bank constitutes a contract. Although nothing may be or usually is said by either side beyond the passing in of the deposit, and the entry or receipt made in the pass-book. The terms of the contract are of a standard character and well defined by law. It is to the effect that the bank receives the money on deposit from the other party with the right of using it and investing it in a conservative manner until it is demanded back, and with the obligation of giving the equivalent back at any time when it may be demanded. The demand is made upon the bank in the form of a writing subscribed by the depositor, which is equivalent to a receipt to the bank for paying the money. Its standard form is known legally as a bill of exchange; the bill of exchange drawn by the depositor upon the bank or banker is technically known as a check. Though the bank holds the funds of the depositor subject to his demand or order, there are various ways that these funds may be sequestered or he be prevented from withdrawing them at his will. This is by attachment through court orders and similar process.

To open a new account in a commercial bank it is necessary first for the prospective customer to consult with one of the officers, and not until the latter gives his sanction has the receiving teller any authority to receive the deposit and open the account. In a savings bank, anyone of age or anyone under age, through a guardian, can open an account without even the formality of an introduction. While the fundamental transactions of deposit and withdrawal may be the same in both kinds of banks, the method is different. Practically all the deposits in savings banks consist of money, and only in very exceptional cases a check may be received on special conditions

Signature

Occupation Father's Name

Residence Mother's Name

Widow Married Single Age Colored

FORM 3.—SIGNATURE AND READY-REFERENCE
CARD, FOR USE BY SAVINGS BANK

NEW ACCOUNT.

Date 191
 Name
 Business
 Address
 Introduced by
 Officers or Partners

 Account taken by
 Remarks

FORM 4.—NEW ACCOUNT FORM FOR A
COMMERCIAL BANK

and only when payable to the depositor's order as payee. Withdrawals can be made only by the depositor presenting his bank-book, signing a withdrawal slip in the presence of the teller, which signature must agree with the one on file; and further answering any questions put which were asked of the depositor when the account was first opened. In addition to answering such questions as are in the forms given herewith, together with an autograph of the depositor, there is now in practice in some of the savings banks a mode of identification which minimies the pos-

[Name]

Rule out space not used and mention below the number of signatures authorized.

TO THE AMERICAN EXCHANGE NATIONAL BANK, New York.

Please recognize the above () signatures.

Dated Signed

FORM 5.—SIGNATURE CARD

[This is obtained in duplicate—one set of cards being filed with the paying teller and the other with the exchange teller.]

sibility of any doubt to the last degree. It is the system of finger-prints. It shows with greater accuracy than any photograph, its queer curved lines have no exact duplicate on the fingers of any two men on the face of the earth, and the lines do not change in their design, or number, or relationship between the hours of birth and death. Their measurements will change with growth, but otherwise they never

..... 19

THE HON. COMPTROLLER OF THE CURRENCY,
WASHINGTON, D. C.

DEAR SIR:

The undersigned hereby makes application for the privilege of keeping with the American Exchange National Bank of the city of New York, the whole or any part of the reserve which it is authorized by law to keep in that city.

Very respectfully,

The
 Located at

FORM 6.—APPLICATION TO COMPTROLLER OF
THE CURRENCY FOR KEEPING RESERVE
WITH DESIGNATED BANK

change. The finger-print identification system has never yet failed and, no doubt, on account of its simple and ready means of identification it will be more and more adopted by the savings banks, especially those among a more or less illiterate population.

The deposits in the commercial banks, on the other hand, consist almost entirely of checks and other negotiable instruments, with little or no money in many cases. The power of the depositor to withdraw the funds to his credit is by check, and this increases the possibility of doubt, as the bank must rely for expeditious business chiefly on the signature of the depositor. This difference in the character, responsibility, and methods pursued by these two kinds of banks is the reason why this important transaction of opening new accounts is passed upon by the cashier or one of the other

officers of the commercial bank and not by the receiving teller, as in a savings bank. The cashier inquires of and about the depositor, his financial capacity, the presumable character and the extent of the account, and from that decides whether to accept or to decline the proposition. Corporation accounts are becoming more numerous, and these require careful attention. The bank must be supplied with all necessary data as to the by-laws, properly attested, giving such authority where to open the account and deposit the funds of the corporation, who are the officers, how many and which officers are required to sign its checks, to withdraw its funds, and who shall have power to borrow money.

In recent years our banks have taken to a new departure, based upon the realization of the facts that the repu-

tation of the bank and the reputation of its customers are interdependent. They have extended their interest in and investigation of the general character and the business and activity of their customers, gathering in all data they can get directly and indirectly and keeping information on file to an extent which will gradually approach that gathered by the commercial agencies and will at the same time be much more reliable. This new plan seems bound to grow. It is of advantage to the bank, protects it against loss and undesirable business, affords the honest business man a reference of the highest value and protects both the bank and the business community from shady customers. These are all matters which are looked into from the moment application is made to open a new account.

CANADA'S CHANGING LIST OF BANKS

By H. M. P. Eckardt

IN the life of a nation a period of seven years is not counted a long term; and yet so far as banking is concerned, Canada has witnessed important changes since 1905. On referring to the Government bank return for May 31, 1905, it will be seen that the Finance Department at Ottawa was then receiving reports from 34 banks. Only 33 of them, however, were going concerns—for the Bank of Yarmouth, one of the institutions reporting, had closed its doors nearly three months before. Of the 33 going banks as existing at the end of May, 1905, only 21 appear in the Government return last issued; and with the absorption of the Traders by the Royal, the number will be reduced to 20.

In March, 1906, there were still 34 banks reporting to Ottawa—notwithstanding that the Yarmouth and the Peoples Bank of Halifax had been dropped from the list. The addition of the Home and the Northern served to keep the total number unchanged. The

Peoples of Halifax was absorbed by the Bank of Montreal. Seven months later in October, 1906, there were 35 banks reporting. The Sterling and the United Empire—two new concerns—had made their appearance and the Merchants Bank of Prince Edward Island had passed into the possession of the Bank of Commerce. The report for this month also includes the figures of the Ontario Bank which had just closed its doors.

The ill-fated Farmers Bank appeared for the first time in December, 1906, and the number of banks reporting was thereby raised to 36. For three months no change occurred, but in April, 1907, the Peoples Bank of New Brunswick became part and parcel of the Bank of Montreal and the number of reporting banks went back again to 35. It remained at 35 for an unusually long period—until July, 1908—when the Northern and Crown were merged under the name Northern Crown. But, although there were 35

banks reporting throughout this entire period of 15 months, plenty of excitement and of casualties, too, were in evidence. This was the season in which the United States panic of 1907 matured. And after the panic subsided the Sovereign Bank in Toronto decided to liquidate and its business was partitioned among the other banks in January, 1908. Also in the spring of 1908 the two small French Canadian banks—Banque de St. Jean and Banque de St. Hyacinthe—had met their fate. So the 34 banks appearing in the July, 1908, list included three failed banks and one in liquidation. (The Ontario was still reporting.) With the final disappearance of the Ontario in September, 1908, there remained 33. Then came the absorption of the Western by the Standard, taking effect in February, 1909. Another of the failed banks—the St. Jean—was dropped in June, 1909, and the St. Hyacinthe ceased to report in December the same year. The number now was down to 30 and it still included one bank not in active business.

At the beginning of March, 1910, the failure of the St. Stephen's Bank occurred. The February bank statement had not been prepared when this breakdown happened, and the name of the failed bank did not appear in it when it was published. The number of reporting banks remained at 29 for three months only. In June the Bank of Vancouver made its bow to the British Columbia financial public. Five months afterwards—in November—the tendency towards concentration was again brought into notice with the absorption of the Union Bank of Halifax by the Royal, and the number again broke through the "thirties," perhaps for the last time. December, the ensuing month, saw another change in the banking records as November was the last occasion in which the Farmers Bank figured in the general return. With its failure on December 19, the actual condition of this ill-starred enterprise was made public. It was dropped from the Government statement at once. However, the open-

ing of the Weyburn Security Bank in the Province of Saskatchewan brought the total back to 29 in the return for January, 1911. Two months afterwards, in March, it fell once more to 28 with the taking over of the United Empire by the Union. And in October the new Franco-Canadian institution headed by Sir Rodolphe Forget—Banque Internationale du Canada—raised the total to 29. It remained there till the disappearance of the Eastern Township in March, 1912. Apparently it is destined to fall to 27 when the Royal takes over the Traders—if nothing happens to overthrow that deal and if the new western institution—the Bank of Saskatchewan—does not in the meanwhile begin reporting to Ottawa.

It will be seen from this record that as yet the list of banks in active business in the Dominion has not attained a character of permanence like that of Scotland. On the average the Canadian list is changed every few months. Scotland's list of banks has remained practically fixed, for one reason, because the formation of new banks was legally discouraged. For nearly 70 years it has been the case in Scotland that no new bank could possess the privilege of note issue.

In view of the tendency towards concentration now in evidence in Canada it is not at all likely that the Legislature will take an attitude designed to discourage the establishment of new banks vouched for by reputable parties and promising capable management.

PRACTICAL BANKING CONTRIBUTIONS WANTED

HELPFUL articles relating to the everyday work of banks savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

WHAT BANKERS ARE SAYING

Well-matured views of bankers and other financial men are tersely expressed in the sub-joined extracts, taken from addresses at bankers' conventions and from other sources.

AGRICULTURAL EDUCATION.

By Joseph Chapman, Jr., Vice-President Northwestern National Bank, Minneapolis, Minn.

SOME twenty State bankers associations have appointed committees on agricultural development and education, and the committees from eight states held a conference in Minneapolis and St. Paul last October.

The committee from the American Bankers' Association is working with the associations of the States through the conference of committees of the State bankers' associations, and will participate in a conference to be held in Minneapolis and St. Paul on the 7th and 8th August, at which we expect a large attendance and some very interesting addresses and reports of work.

The press and agricultural papers have been most liberal in the space devoted to the work of these committees in the various States and have been of the greatest assistance in creating sentiment looking toward the accomplishment of the result we are after, namely, the placing of emphasis on the education of the producer instead of the consumer. For 100 years all of our energy and all of the machinery of our educational institutions has been running overtime, turning out consumers. In order that we may have bread and butter for the enormous population now living in the United States and the still greater population which will be here in a few years, it will be necessary from now on to confine our attention principally to the education of the producer, in order that we may be in line with such up-to-date countries as Germany, Switzerland, Denmark and France on this practical question.

It will be necessary for our men and women of wealth who wish to do something for the benefit of society, of the

public in general and for the welfare of the people of their own country, to take into consideration when they leave vast sums of money to endow our universities and higher institutions of learning, that only 1.7 per cent. of the school population attend these institutions and that fifty per cent. of the nineteen and one-half millions of school children in this country drop out of school before they reach the seventh grade.

Is it not about time that sentiment was created in this country whereby these good people who are so generous with their money will do something of lasting benefit for the 93 per cent. of our boys and girls who never get beyond the grade schools?

The figures quoted show conclusively that our educational system is founded for the classes and not for the masses. There are many signs that the people of the country are awakening. The movement of the bankers in Minnesota along this line has been the most popular public work they have ever attempted. It has met with the most hearty response from people of all classes in all parts of the State.

The results obtained by committees in other States on this subject have been most satisfactory. The majority of our farmers don't farm—they simply grub and hoe. Our expert mechanics have to be brought here from foreign countries, where they received their training in the schools.

The fact that we have 85 high schools in this State teaching agriculture, 40 consolidated rural schools in which the elements of agriculture are taught, and that the Legislature at the last session appropriated \$1,300,000 for agricultural education is the best indication that the bankers, the business men, the school authorities and the Legislature are all working harmoni-

ously in solving this problem. This has all been accomplished within the last three years.

GOOD CROP OUTLOOK.

By George M. Reynolds, President Continental and Commercial National Bank, Chicago.

IT has got to be such a general saying so that elections hurt business that a careful business man feels he must hold off, even if he sees nothing dangerous in the political situation. I don't think the result of the election, whatever it may be from among the probabilities in sight, can depress the country. The crops will be fair. A man in whose judgment I have great confidence is of the opinion that Kansas will get a fair wheat outturn, not as big as the most enthusiastic have predicted, but much better than the total of bushels that is generally being counted on. It looks good in the Northwest. I have reason to believe that things are getting much better in the Southwest.

BANKERS MUST RENDER PUBLIC SERVICE.

By B. F. Harris, President Illinois Bankers' Association.

THE banker must begin to take interest in other people, as well as from them.

The more points at which we touch human life and interests the more alive we are and the longer we will remain so, and the general interest is a part of our interest.

Men of affairs and position, as we are, we cannot evade our parts in the many public problems that press for solution or adoption.

"Build no dark cells, for you and your children may inhabit them," said the famous Quakeress to the French king in reference to the new prisons he was building.

If the spirit of service to and association with effort for the uplift does not appeal to you, then enlightened self-interest or interested selfishness justifies and demands it.

As the banker and farmer go hand in hand, therefore, it seems to me, our first effort in the matter of public welfare should be in agriculture and the problems of rural life.

There is no greater work to be done than that in the mighty cause of agriculture; no better, no nobler, no friendlier agency for the doing of this great work than the various State bankers' associations.

THE AMERICAN BANKERS' ASSOCIATION.

By William Livingstone, President American Bankers' Association.

ON May 24, 1875, 17 representative bankers of the United States met in New York to discuss the need of concerted action by the financial interests of the country to prevent a repetition of the panic of 1873. This meeting resulted in the organization of the American Bankers' Association. The first convention was held at Saratoga, July 20, 21 and 22, 1875, with over 300 bankers in attendance, but it was not until the second assembly in Philadelphia, Oct. 3, 4 and 5, 1876, that a constitution and by-laws were adopted.

The founders of the association declared its purpose to be: "In order to promote the general welfare and usefulness of banks and banking institutions, and to secure uniformity of action, together with the practical benefits to be derived from personal acquaintance and from the discussion of subjects of importance to the banking and commercial interests of the country, and especially in order to secure the proper consideration of questions regarding the financial and commercial usages, customs and laws which affect the banking interests of the entire country," the concluding phrase "and for protection against loss by

crime" being added at a later date.

During 37 years of progress the course thus outlined has been steadily pursued through changing conditions and enlarged opportunities, in a spirit of harmonious co-operation which places the American Bankers' Association to-day in the foremost rank of national organizations, and makes it the largest federation of bankers in the world.

It is in every sense an American Bankers' Association. Its interests and strength are not confined to the boundaries of the United States, but include its dependencies—Porto Rico, the Philippines, Hawaii and Alaska, as well as the Isle of Pines, Mexico and Canada. National, state, savings and private banks and trust companies are represented in its membership, which now totals 13,000, representing assests of \$14,000,000,000.

THE NEW YORK CLEARING HOUSE.

By Frank A. Vanderlip, President National City Bank, New York.

THE clearing house is not a group of banditti. It is, I believe, composed of the highest grade bankers in this country, and its history is one of helpfulness and conservation at all times, and in times of panic of the most essential usefulness to the whole nation.

STRONG MERCANTILE POSITION.

By Louis G. Kaufman, President Chat-ham and Phenix National Bank, New York.

NEVER in the history of banking, so far as I am conversant with it, has there been a time when the mercantile interests of the country have been so sound financially. Increased railroad facilities, low freight and express rates, have all contributed to obviate the necessity of an accumulation

of stocks in merchants' hands. The result has been that the majority of merchants buy only for current needs, unless they endeavor to anticipate higher prices later on. This means that fewer stocks are now being carried.

As for instance, I have before me the statement of a well-to-do merchant. This statement discloses the fact that he has upward of \$60,000 cash on hand; more than \$150,000 bills receivable, all of which are good, and only \$40,000 in merchandise. This is but typical, so that it is reasonable to presume that the mercantile interests of the country are practically immune from the dangers of a money panic. It is this liquid condition of assets throughout the country that makes me feel optimistic of the future.

NO PANIC IN SIGHT.

By Elliott C. McDougal, President Bank of Buffalo, Buffalo, N. Y.

WE are not going to have any panic for some years to come. We all believe that we are at the very threshold of a period of renewal of business and years of great prosperity. After this Presidential election is over we are going to have good times that will satisfy everybody.

PROSPERITY COMING.

By Sir Edmund Walker, President Canadian Bank of Commerce, Toronto.

YOU have held back so long in this country that the return of prosperity will be rapid. Your railroads have begun to buy and repair, and their expenditures will help general trade along. They have got to the point where they will have to get ready. Much work that should have been done already is ahead of them.

All your bankers with whom I have talked are looking for business improvement.

THE UNFOUNDED PREJUDICE AGAINST A CENTRAL BANK.

*By William C. Cornwell, of J. S.
Bache & Co., New York.*

THE National Reserve Association is nothing more or less than a Central Bank, with the profit-making and the deposit-taking (except from

banks) cut out. There seems to be a great prejudice in this country against the Central Bank idea. Such an attitude is puerile and the fear is on a par with the child's dread of hobgoblins. There is no reason, in fact, why we should not have a Central Bank in the United States on the lines of such institutions in all other highly civilized countries.

SAFE DEPOSIT

OPENING SAFE DEPOSIT BOXES IN THE PRESENCE OF A NOTARY PUBLIC

UNDER the new Safe Deposit Law, says the "Bulletin of the New York State Safe Deposit Association," when the depositor fails to pay the safe rental, due notice of the intention of the depositary to open the safe having been given, at the expiration of the proper time, it is then to open the safe in the presence of a notary public, the notary to give a certificate containing an inventory of the contents of the box. A copy of this certificate is to be forwarded to the delinquent depositor.

The following is a form of notice recently adopted, together with form of notary's certificate:

Office of the.....Safe Deposit Company
New York.....191....

To.....

.....

.....

SIR:

Please take notice, that a certificate of which the within is a copy, was filed with this company on theday of 191..... And further notice is hereby given you that the contents of safe No....., referred to in the within certificate will be kept at your expense in a general safe or box in the vaults of this company, for a period not less than two years, unless sooner demanded by you

and all charges accruing and incurred thereon are paid at the time of such demand.

Yours, Etc.,
Safe Deposit Co.

by.....
Secretary

Certificate of notary of removal of contents of safe No....., in Safe Deposit Company.

I, a Notary Public, duly qualified and sworn, residing at New York, N. Y., and not an officer or in the employ of the..... Safe Deposit Company, do hereby certify, that in accordance with Section 304, Subdivision 2, of the Banking Law of the State of New York, (as amended by Chap. 371 of the Laws of 1911) safe No....., in the vaults of the said Safe Deposit Company, at No. Street, New York City, was opened in my presence by the secretary of said company, and the contents thereof were removed, inventoried and sealed up by me in a package upon which I distinctly marked the name of in whose name such safe stood on the books of said company, and the date of such removal by me, and I, thereupon, in the presence of the secretary of the company, placed all such contents in one of the general safes of this company.

The following is a list of the contents of said safe No....., and which were removed and sealed up by me as aforesaid, viz:

.....
.....
.....

In testimony whereof, I have hereunto
set my hand and the seal of my office,
this.....day of191.....

L. S.

.....
Notary Public No.....
New York County.

CHEAPNESS OF SAFE DEPOSIT SERVICE

MEASURED by the degree of protection afforded, few forms of insurance are so cheap, relatively, as that afforded by the safe-deposit box, which in some cases may be obtained at a rental of three dollars a year or less, or below one cent a day, and yet giving practically absolute protection to securities worth millions and private papers that are invaluable.

This comparatively low cost of the high-grade service rendered by the safe deposit organization is due to several factors. In the first place, the vaults are usually below ground, thus utilizing a space not specially desirable for ordinary banking purposes, but by its inaccessibility all the better adapted to safe-deposit purposes. The form of construction of the safe deposit boxes and safes also permits the installation of a great many units in a small space. Owing to the fact that patrons of the vaults largely attend to their own wants, the requirements for help are reduced to a minimum.

In view of the great security offered by safe-deposit vaults, at a trifling cost, the wonder is that they are not used by all persons having securities or other valuable papers.

A TIMELY REMINDER

AMONG the many apt advertisements for safe-deposit vaults designed by Mr. T. D. MacGregor, the well-known financial advertising expert, the following is peculiarly applicable to the present season:

Going Away on a Vacation? It is safer to store silver and bulky packages containing valuables in the sto-

rage vaults of the "Savings Union" than to leave them in the home.

The rental charge is small and the protection absolute.

SAFE DEPOSIT VAULTS FOR THE USE OF BANKS

EVERY bank, says Barrett's "Modern Banking Methods," should have a separate compartment in a vault or safe, apart from that in which the money is kept, to be used for the safe keeping of valuable papers, and stocks, bonds and other securities, whether they be the property of the bank or of others, and left as collateral for loans, or for other purposes.

These should be locked with a combination known only to the principal officers of the bank, except where in some large banks a clerk is employed to take charge of the collateral; in such cases it is of course necessary for him to have access to the special compartment or safe.

The law holds a bank to a strict accountability for the care of collateral in its possession belonging to others.

Let me say a word regarding vaults. Few banks seem to realize the necessity of plenty of vault room in the beginning of their career. Wherever possible it is an advantage to have two vaults. Many large banks have one at least for each department. But it is a great advantage to have one vault in which should be the safes for the money and securities, and another for the books and vouchers. Where a bank is so situated that it is impossible to have more than one vault, have that one large. Ten feet by twelve inside is none too large for a small bank, and twelve by fifteen will be found much more comfortable for as the bank grows the extra space will be found very convenient.

Where there is only one vault the largest portion should be set apart for the care of the books and papers, shelving being erected for the former, and drawers or files and compartments for the care of checks and deposit tickets, etc. The balance of the vault

should be partitioned off by a steel wire grating in which should be the safes for the money and securities. The best shelving is now made of steel, with roller shelves. Files and compartments of all kinds are made of the same material and fitted into the vaults.

Be sure that the vault, especially where books and papers are to be kept, is dry and well ventilated. Where this is not the case it frequently occurs that books have to be rebound before half used, and papers become mouldy and get destroyed.

HOW HE BEAT THE BANK

FROM the "Court Circular," the "London Bankers' Magazine," extracts the following relating the trouble and final triumph of a traveler who essayed to cash a check in a French bank:

To cash a check in England or, indeed, in any part of Great or Greater Britain, is one of the simplest undertakings in the world. Having procured the check, and assuming the signature and the endorsement are in order, and that the necessary funds are there to meet it, the average cashier, after carefully scrutinizing the payee, will hand out the money.

Not so in the fair metropolis of the Entente Cordiale. There it takes the unfortunate victim of a system of red tape unparalleled in any other country in the world a day or longer to get through the ordeal of cashing a check for a few pounds. Paris, that wonderful city of gaiety, brightness and bewilderment, means money, more money, and even more money still.

During a recent visit I reached the "Even more money" stage, and to supply my urgent necessities received one of those interesting slips of paper with which we are all so familiar, instructing one of the largest financial institutions in Paris—perhaps one of the largest and richest in the world—to pay me so many hundred francs.

Before entering the stately portals of the handsome and luxuriously appointed building known as—but, no, wild horses won't drag from me the name—somewhere about 10:30 A. M., I smilingly asked my friends to excuse me a moment or two while I went in

and cashed a little check. Alas, for my presumption and my conceit, the sun was well down towards the horizon ere I repassed those portals, successful, but sad.

Gaily approaching a counter, I presented my check, having carefully endorsed it and rashly waited for the equivalent in the coin of the realm. After waiting for what seemed an interminable period, I was given a piece of paper stamped and numbered. This I declined to take; what I wanted was the equivalent of 25 pounds in good French money. The functionary on the other side of the counter pointed majestically to a bench in the hall, indicating that I should sit there until called for. I naturally objected, and in terse and vigorous English, not a word of which he understood, gave expression to the thoughts that breathed and the words that burned.

An official, very much weighed down with the gold braid on his cocked hat and his uniform, came to the rescue and explained that I should have to sit down, lie down, or stand, if I preferred to do so, until my number was called out, when I should in all probability be advanced a further stage.

When the luncheon hour was well within sight—by which time I had read all the news printed in English and no mean part of that in French in the current issue of the Paris edition of "The X. Y. Z."—I heard a number called out which I thought corresponded with the one on my slip of paper, but I was in error, and my unseemly haste was severely commented upon.

About 1:30, on looking around, I noticed my friend the drawer of the check entering the building, and rushing up to him reproached him for sending me to a bank where, apparently, they had to coin the money for each customer. Smiling at my attempted facetiousness, he said, "Keep cool and you'll get through all right in time—if you are lucky it may be today."

Now my number was actually called out and I boldly approached the counter from whence the call had emanated. I said I would take it in gold; but, vain hope, the time was not yet!

Another slip of paper, bearing a number of questions to be filled in as to my nationality, age, condition, religion, etc., all of which had to be carefully answered.

Naturally this took up a considerable amount of time, and when I had finished the clock struck half past two.

Numerous messages from the irritated victims who were awaiting me outside had reached me, including an inquiry as to whether I had come in to cash a check or take up a responsible position in the bank permanently. At about 3:30 my number was again called, just as I was giving up all

hope of getting through that day. I walked briskly to the desk. It was suggested that I should remove my hat, and while one or two totally irrelevant questions were put to me I heard a click, and, hey presto! I had been photographed.

Again I was directed to the settee which, while comfortable enough at 10:30 A. M., was becoming quite the reverse five hours later.

Meditating, not joyously, upon the wasted day, I savagely watched the hands of the great clock in the centre of the hall and saw the official hour for closing getting nearer and nearer. It was now becoming serious—a matter of life and death, a race against time. Should I win or lose?—3:45, 3:50, 3:55, 3:56—my eyes swam, my brain reeled, my heart almost ceased to beat, when number 197 was hissed at me. I sprang at the counter and just as the closing hour was striking I clutched my little pile of gold. What cared I for the sneers and jeers of those who had been waiting and watching outside. I had won. I had made a new record for speed in high finance. I had actually beaten the bank.

MONEY THAT WILL TALK

BY phonographic impressions on the edges of the paper, giving a finely serrated contour, banknotes and other documents of stated value are to be protected against fraud, according to the method of A. E. Bawtree, English inventor.

The record of any desired words is obtained by moving a photographic plate under a spot of light reflected from a mirror diaphragm at the end of a recording horn, and this record can be transferred to the document paper by photo-engraving and electrotyping processes, giving a pair of shearing edges of the required contour. The recorded words are made audible as the

effect on an air-blast striking the serrated edges.

The apparatus consists of a pair of slightly separated parallel plates, one with a fine slit opposite a round hole in the other, and as the paper is passed between the plates, the air forced through the slit strikes the diaphragm of a reproducing-horn over the round hole. For a direct record the document paper in contact with the stylus of a recorder diaphragm may be drawn along by rotating cylinders. For such a record only a very simple reproducing device is needed, and it may consist of a plate through which projects the stylus of a reproducing horn.—Exchange.

A MODERN FOREIGN EXCHANGE DEPARTMENT AND ITS FUNCTION

By Christian Djörup, B. C. S., of Marwick, Mitchell, Peat & Co.

Owing to the enormous expansion of our foreign trade, many banks are finding it advisable to establish foreign departments for the better service of their customers. They will, we are sure, find the following article practically helpful. Mr. Djörup, the author, is connected with the well-known firm of auditors, Messrs. Marwick, Mitchell, Peat & Co., being in charge of their department for examining the foreign departments of banks. He is a graduate of the Vienna Commercial Academy, the New York University School of Commerce, Accounts and Finance, has had long experience with several large banking-houses in New York in connection with their foreign exchange departments, and has also had extensive business training in Austria and Egypt.—Editor BANKERS MAGAZINE.

PROGRESSIVE bankers have realized that they must not only accommodate their customers with drafts and letters of credit on foreign countries but also be in a position to extend to them all the facilities of a well organized foreign department to prevent the loss of valuable accounts and the flow of profitable business to their competitors.

As it is only a matter of time when all the active banks will deal in foreign exchange, this article on transactions and their recording in up to date foreign departments may be valuable to every banker interested in this matter. To present this subject systematically without trying the patience of the reader a balance-sheet of a modern foreign department will be considered and the resources and liabilities which may be found therein will be illustrated item by item, showing in concise form transactions which constitute foreign exchange business.

ASSETS.

Cash and Cash Items: Under this heading would come cash or petty cash, which needs no comment, and foreign cash. Separate accounts are kept for each currency and the foreign money on hand converted at market rate minus the dollar balance will show the profit contained in the respective account. Here a few words about gold

shipments may not be out of place. Gold exports will prevent the rates from rising above and imports from falling below certain points called the "gold points," viz., the exchange par plus or minus shipping expenses. The check rates will ordinarily fluctuate between these gold points, but the cost of gold can be raised above the parity by a premium on cash, as we experienced in 1907 when the exchange rates went above the theoretical gold export point, and on the other hand sometimes gold will be imported or exported within the gold point by an institution acquiring exceptional facilities not shared by others, or anxious to obtain the free advertising and increased prestige which seems to be connected with every gold shipment.

Due from Foreign Banks: This item, the most important one in every foreign department, comprises about all the transactions that constitute foreign exchange. The Encyclopædia Britannica informs us that foreign exchange is "the system by which commercial nations discharge their debts to each other," but we understand under this expression the medium by which we settle balances with foreign nations or the actual bills of exchange. The importer and the exporter, the investor and the dealer in foreign securities or American securities in foreign markets, the American traveler, and in short everybody who makes a payment

abroad or receives money from a foreign country will need or create foreign exchange. Whether the foreign department is buying or selling this foreign exchange the transaction will be passed to some account with a for-

in such a manner that any auditor whether internal or external could check the entries intelligently. In some foreign departments there is a tendency to treat the transactions as if this department was of a private



CHRISTIAN DJÖRUP, B. C. S.

EXAMINER IN CHARGE FOREIGN EXCHANGE DEPARTMENT, MARWICK, MITCHELL,
PEAT & COMPANY, CERTIFIED PUBLIC ACCOUNTANTS, NEW YORK AND LONDON

eign bank named "Our Account" or "Conto Nostro," representing the department's deposits with foreign banks.

There are numerous systems employed in foreign departments as to the recording of entries, and it would be next to impossible to devise one system to fit every department. But whatever method be used in the department it should record the entries

nature and not under control of the directors and the supervision of it will be made difficult if the foreign accountant succeeds in befogging the general auditor.

Statements from abroad should be obtained as frequently as possible and reconciled to the accounts shown on the books of the department. There should be a permanent record of these

reconcilements and the accounts should be kept in such a manner that a trial balance as of any previous date can easily be proved. The reconciliations will show the profit in the respective accounts and, compared with the average capital invested therein, will show what interest rate has been obtained on the deposits abroad.

Besides recording all the transactions which will enter "Our Accounts with Foreign Banks," records should be kept of the foreign bills purchased, subdivided as to customers, acceptors and maturities. As these bills are endorsed by the foreign department, the liability of customers on these bills purchased and the corresponding liability of the institution for its endorsements have to be considered. This leads to the credit department, which should be in close touch with the foreign department and should obtain frequent information as to the responsibility of active customers. Bills purchased, although discounted abroad, may not be met at maturity, which constitutes one of the dangers encountered in foreign departments, and future contracts give rise to another danger which is generally overlooked by the auditor. Not to speculate in exchange, foreign departments, having bought commercial paper to be delivered at some future time, will sell their own paper to be delivered about the same time. The seller may be prevented by unforeseen happenings from delivering his bills to the bank, yet the foreign department cannot repudiate its own contracts and may have to cover at an advanced market with great loss.

Furthermore, the danger of misappropriation of funds will be greater in the foreign department than in any other on account of the time which elapses before the different accounts can be verified and on account of the two currencies which enter every transaction. It would be very difficult indeed to discover any fraud perpetrated with the aid of outside parties such as brokers, customers and the like unless the rates of the different days

were inspected and all the conversions proved.

The dangers can be minimized by an effective internal audit or a frequent periodical audit if sufficiently exhaustive.

Due from Collecting Banks: This item is made up of short bills purchased on places with which no regular banking connection is held by the department. These bills are sent to the collecting banks usually with a request to forward the proceeds after collection to some corresponding bank located convenient to the collecting bank. The difference between the outstanding collection bills and the balance shown on the account will disclose the profit or loss contained therein.

Loans, Advances, Etc.: Under this heading are grouped foreign loans; viz., money loaned to foreign banks either in foreign currency or in dollars. In foreign currency loans the difference between exchange rate at the time the loan was made and at maturity of the loan will either increase or decrease the interest earned, whereas in dollar loans the interest earned will not be subject to any fluctuation.

Then there are foreign loans made to customers by authorizing them to draw on corresponding banks abroad payable at a certain time after date or after sight. These loans are generally secured by collateral and the acceptance commission as well as exchange risks should be carried by the borrower.

There may be also dollar loans in the nature of advances against warehouse receipts or other collateral to be paid off by foreign exchange. The only excuse for having those in the foreign department is that foreign bills of exchange will be remitted by the borrower to reduce or pay off his indebtedness, but as the proceeds of these foreign bills can just as well be placed to the credit of the loan department, the latter department should handle these dollar loans.

Under this heading will further be found advances against long bills sent

for collection. These advances may be a certain percentage of the dollar equivalent of the bills in foreign currency and after collection the proceeds would be credited to these advance accounts, which will only show the interest earned, while the profit will appear on the respective foreign bank account.

Collection long bills, even if the full equivalent had been paid, will also be considered as advances and not as due from banks, and are entered in collection accounts supported by collection registers, which will state all the details of these bills. The profit will be contained in the collection account.

The department may also be called upon to advance foreign currency (cables or checks) against collection bills and to account to the borrower in foreign currency. This would be treated similar to a foreign bank account. The foreign bank receiving the proceeds of the collected bills would be debited with the equivalent in dollars at market rate and the same dollar amount will be applied against the credit to the advance account, viz., the foreign amount less commission, stamps and other charges agreed upon. Statements would be rendered by the department at certain periods in foreign currency with interest computed in that currency only. The difference between the foreign balance converted at market rate and the dollar balance of this account will represent the interest earned on the capital invested therein.

Due from Customers: It is not and should not be the practice of any foreign department to sell foreign exchange on credit, but frequently there are foreign bills sold payable on steamer day or cables payable here and abroad at a certain day which would be entered on the above account, sometimes named accounts receivable, suspense account or something similar.

Under the same heading we have another account on which we enter the total of the bill rendered for a commercial letter of credit acceptance, whereas the credit will go partly to the foreign bank, partly to letter of

credit commission or a similar account.

Commercial Letters of Credit: This is one of the most important branches of the foreign exchange business and necessitates very accurate accounting and a continuous follow-up system as to the credit and standing of the customers. Some foreign departments have lost money by careless extension of credit and many foreign departments hesitate now to take up this branch of the business, being afraid of the risk involved.

When a letter of credit is issued a guarantee is signed by the customer, the draft is accepted abroad against delivery of the shipping documents, the shipping documents are turned over to the customer only against his trust receipt, leaving title in the merchandise with the bank or banker until payment of the acceptance has been made. This payment is made in time to remit to the accepting bank, and thus only a small part of the foreign exchange department's capital is needed and the profits are usually fair. If ordinary care is exercised the danger is reduced to a minimum.

All the letters of credit issued, the acceptances made abroad and the payments received have to be properly recorded, and there should be a control account kept on the general ledger of the department for the unused letter of credit balances and one for the unmatured acceptances, the former showing the contingent, the latter the actual liability of the customers with corresponding control accounts on the liability side.

The details should be recorded to show the liability of every individual customer on acceptances and unused letter of credit balances. The liability of the department to every acceptor against acceptances and unused balances and the trust receipts should show the letter of credit number, the amount, the maturity abroad and in New York, and what merchandise or shipping document respectively had been delivered to the customer.

Travelers' Letters of Credit and Checks: For the former it is advisa-

ble to set up a control account showing the contingent liability of the customers for unused letter of credit balances with the corresponding control account on the liability side, showing what amount the foreign bank or banks may be called upon to pay against these letters of credit. Detailed records would be kept in a subsidiary letter of credit book and guarantees would be obtained for every letter of credit issued.

The travelers' checks should be recorded showing what checks are on hand and which ones have been sold and paid by the department.

LIABILITIES.

Due to Foreign Banks: In some institutions these foreign deposits are kept in the general banking department, in others in the foreign department. There are reasons for both practices. The foreign banks forward remittances on New York and on out of town banks; they will request payments to be made in all parts of the United States and they will draw against their deposits. These transactions will be made by the general banking department, and the cost of handling these items being carried by that department it is anxious to be reimbursed by the profits realized from these accounts.

On the other hand, we have to consider that these accounts are of a reciprocal nature and due entirely to the efforts of the foreign department. In many instances this department will have to keep balances abroad for which the foreign houses allow a very small rate of interest; it will have to distribute its business over a number of banks in the same locality to retain their deposits and show thereby reduced profits; and besides, as the foreign business is totally different from the domestic business, this department will usually be in a better position to satisfy the demands of the foreign banks and bankers, all of which would bring out the advisability of carrying these accounts in the foreign depart-

ment. The latter would then appear charged only with the actual capital needed to run the foreign business.

Anticipated Payments against Letter of Credit Acceptances: These deposits, as mentioned before, are acceptances paid by the customers under rebate before maturity, and although they reduce the liability of the customer against commercial letter of credit acceptances, they do not reduce the corresponding liability of the department to the foreign acceptors. Therefore these deposits could be considered as being held in trust for the foreign acceptors and should there be set up as due to foreign banks or bankers, or if considered as individual deposits the control accounts should be left unchanged and the customers' deposits will appear as a reduction to their corresponding liability.

Margin Accounts: These are deposits made by customers to whom credit is extended although they have no active accounts with the institution, or to serve as additional security for amounts advanced to them or letters of credit issued.

Cash Letters of Credit: Many travelers obtain letters of credit and pay the full equivalent plus the customary charges. These amounts will naturally remain as deposits until the bank on whom the letters of credit have been issued advises payment of drafts against these letters of credit, when the respective amounts will be transferred to the account of the foreign bank. This deposit account usually contains the profit realized unless these profits are shown in the respective foreign bank account.

Long Drafts: Sometimes the foreign exporter demands sixty days' or ninety days' sight bills from the American customer to whom he has extended credit, and consequently the foreign department will be occasionally called upon to issue long drafts on foreign banks to accommodate their clients. Frequently, however, foreign departments draw long drafts to obtain funds for various purposes, and these transactions are in the nature of loans and

subject to the fluctuation of exchange rates. These transactions should therefore be classified as speculative, and they may cause not only physical losses but also loss of prestige.

Bills Payable: As mentioned under loans to customers, the drafts drawn by them on the department's correspondents abroad will constitute a liability of the department to the foreign acceptors and should be separately shown on the respective acceptance account. At maturity a transfer will be made from the acceptance to the foreign bank account and the profit or loss will be arrived at from the loan account.

Accounts Payable: These accounts will contain all the foreign exchange items purchased which are payable on steamer day, invoices for supplies purchased, cable bills, fees or similar items and brokers' bills payable, which are usually shown in a "brokerage" instead of a "broker's" account.

Undivided Profits: There are different ways of recording profits. The most logical method would seem to be the calculation of interest earned on the capital invested in the department and to compare the average balances of the individual accounts with the

profits made in these accounts. This will show the interest earned on the capital invested in the various accounts and which of the accounts are profitable. If all the profits realized are thrown, so to speak, into one big pot, it is difficult to decide what branches should be extended or curtailed. Sometimes the earning power of a foreign department is reduced by having too many accounts in certain localities and an insufficient turnover of the capital and can be considerably improved by closing unnecessary accounts.

Balance: This item represents the capital invested in the foreign department by the general banking department, and taken by itself does not throw any light on the affairs of the department. A balance of \$500,000 may well represent actual liabilities of \$5,000,000 and resources of \$5,500,000 with contingent assets and liabilities going into eight or nine figures, which emphasizes the importance of itemizing the foreign exchange balances on both sides of the general balance sheet, or the necessity of keeping a daily statement of the department that can easily be consolidated with the figures of the general banking department.

NOT SO MUCH MONEY GOING ABROAD

FALLING off in the money orders sent abroad is taken by some as proof of the efficacy of the Postal Savings Bank in caring for money which foreigners have heretofore been sending out of the country.

It is said that during the last ten years there has been an increase in value of money orders payable in foreign countries of approximately 500 per cent. During the first six months of

the present fiscal year, the decrease was \$7,653,634.74, as compared with an increase of \$9,318,085.28 for the same period last year.

These figures may not be conclusive, but they tend to confirm the claim that the Postal Savings Bank is getting a lot of money that would otherwise have gone to the regular savings banks but for their indifference and neglect.

GROWTH OF A SMALL DEPOSIT

FROM Winsted, Conn., comes the information that one of the first depositors in the Falls Village Savings Bank deposited two dollars in 1856—the only deposit made. The original

bank-book is kept with the account intact as a souvenir by a brother of the original depositor, who died many years ago. Principal and interest on the two dollars' deposit now amounts to \$21.06.

SOUTH AFRICAN DEVELOPMENT

By D. P. Morgan, Bank of Africa, Ltd., Cape Town, South Africa ;
(Associate of the Institute of Bankers, London)

SOUTH AFRICA is in many respects, just now, the most interesting of Great Britain's oversea dominions. It is a land of vast mineral possibilities, peopled with races of many colors and of various degrees of civilization. It therefore has grave problems before it—problems of a social, economic, and political character. Recently, its four principal Provinces have united under one Government, and some of its finest minds are now devising the best means of securing the country's development on sound economic lines. The railway systems, between which there formerly existed a wasteful competition, have been united, and are now subject to the control of a Minister of the Union Government, who sees that a deaf ear is never turned to appeals for new lines which are likely to conduce to the development of agriculture or other industry. A commission has thoroughly gone into the question of customs duties, and shortly these will be fixed on a basis suitable to the conditions of South Africa as a whole. The country has suffered a good deal from pests and drought in the past, and its farmers have been greatly handicapped in their fight with local conditions, owing sometimes to ignorance, but more often to lack of capital. Within the last few years, however, the gradual renaissance of agriculture has been witnessed. Great results have been achieved by means of water conservation, the establishment of agricultural colleges and the means adopted by the Government for extirpating disease.

POPULATION.

The total population for the Union is now about 6,000,000, and it has increased nearly 800,000 since 1904. The greatest increase is registered in the Transvaal, which Province has now a population of 1,676,000. The white

population of the Union is only 1,300,000, against 4,100,000 natives and 619,000 of other colored races. While the white population has increased fourteen per cent., the natives and colored peoples are more by fifteen per cent. These figures, however, comprise only the populations of the Union, and inasmuch as they leave out of account the large native population of such Protectorates as Basutoland and Swaziland, they do not give a just idea of the magnitude of the native problem. The white man in South Africa is outnumbered by the native to the extent of five to one, and the native is increasing in a much greater ratio.

Only four towns in the Union have a white population in excess of 20,000. These are: Johannesburg, with 120,411; Durban, with 31,896; Pretoria, with 29,660; and Cape Town, with 29,933. Johannesburg's figures have augmented 37,000 since 1904, and Pretoria's, 8,000; Cape Town's figures, however, show a decrease of 14,000.

COMMERCE.

The total exports last year were valued at £58,900,000, which figure has gradually augmented from about £6,000,000 in 1885. This sounds like a formidable sum for so young a country with such a small white population, but when, on closer scrutiny, it is found that gold and diamonds account for £46,000,000 of the total, the glamor is removed.

Ostrich rearing is a flourishing industry in some parts of the Cape Provinces, and given satisfactory markets, the future should witness progress in this direction. Ostrich feathers to the value of £2,253,000 were exported last year, being an increase of sixty per cent. since 1906. Close attention is being given to the breeding of sheep, with a view to improving the quality

of wool. Fair progress has been made in the wool industry, exports having gone up from £2,700,000 in 1906 to £3,900,000 in 1911. Minor products exported include wattle bark, buchu leaves, maize, fruit, hides, tobacco and sugar. Diamonds to the value of over £8,000,000 were exported last year.

The Rand is the great magnet which attracts people here and sets in motion the wheels of other industries. We have already seen that the population of Johannesburg is far ahead of any of the other towns in South Africa; and the mines are responsible for this fact. There are now employed on the mines some 31,700 white and 269,000 colored people. The output of the Transvaal gold mines last year was valued at £34,991,620, which figure has gradually increased from £7,253,665 in 1902. Dividends distributed have increased from £2,127,726 in 1902 to £8,058,319 in 1911. The Rhodesian mines were responsible for an additional gold output of £2,647,895 last year, while they distributed dividends to the value of £584,128.

Imports last year reached the sum of £39,500,000, being £7,000,000 more than the figures for 1906. If we go back twenty-six years we find the increase to be over £23,000,000. The most important item comprised in last year's figures is one entitled, "food and drink."

With all the attention that has been given to agriculture, we are yet appar-

BANKING.

South Africa is a country where the branch-bank system has prevailed completely over the local or district bank system. Many efforts have been made from time to time to establish local banks, but the result has always been that these small concerns have either been absorbed by the larger ones or that they have succumbed in times of crisis. Public opinion has frequently shown itself to be averse to this centralizing tendency in banking, but the process is really an evolutionary one, which has, on the whole, operated for the good of the community. Although there are only six banking institutions in existence in South Africa to-day (and the number is constantly getting smaller), there are some 460 branches and agencies of the same concerns throughout the country. It is fair, therefore, to assume that the remote centers would not be so well supplied with banking facilities did some system other than that now in vogue prevail.

South Africa has only recently recovered from a period of acute depression, during which bankers refrained from opening new branches, and severely curtailed facilities to clients. It will be interesting, therefore, to watch the changes in some representative items, gleaned from the balance sheets of the banks doing business in the four Provinces of the Union:

	1906.	1907.	1908.	1909.	1910.	1911.
Notes outstanding.....	£2,100,727	£1,788,658	£1,861,740	£2,024,203	£2,378,685	£2,337,019
Deposits	33,185,345	30,103,028	30,012,317	30,734,165	32,341,864	34,901,002
Discounts and advances	27,233,540	23,367,752	21,972,340	22,042,179	25,321,246	29,889,476

ently far from being in a position to subsist on the local supply of food. Some satisfaction may, however, be derived from the fact that we imported in this category less than we did in 1906 by £1,500,000. The bulk of the balance is represented by manufactured articles, machinery and timber. Articles imported for use in agriculture have increased in value from £443,000 in 1907 to £643,000 in 1911.

It will be seen that the year 1907 was the worst during this series of years, advances having declined to the extent of nearly £4,000,000, and the other items showing, sympathetically, a downward tendency. This sum represents bank investments temporarily withdrawn from South Africa and placed at the disposal of the London money market at lower rates. This restrictive policy was severely felt by

tradespeople throughout South Africa, while it naturally accounted for a great decrease in bank earnings. With the advent of better times, the change in the banking policy was sudden and complete; and it will be seen that the advances at the end of last year were about £6,500,000 more than the figures four years previously. Money has of late been lent out for the assistance of all sorts of legitimate undertakings, and trade is feeling the benefit of this welcome support, while again the banks have all shared in the increased profits.

Deposits have not grown in the same

ratio as advances, and one unsatisfactory feature is that forty per cent. of the total represents fixed deposits.

The note circulation, although a relatively small one, is now higher than it has been for many years. The notes of the Cape Province are specially secured, bankers being obliged to invest in Government securities sums equivalent to the value of the notes received from the Treasurer. Different systems are in vogue in the three other Provinces. When the banking laws of the Provinces are harmonized, it will be interesting to see what system will be adopted in the Union.

GIFT OF \$200,000 TO NATIONAL CITY BANK CLUB OF NEW YORK

BY the way of further celebration of the 100th anniversary of the founding of the National City Bank, of New York, James Stillman, now chairman of the board of directors, but for many years president, recently cabled from Paris a gift of \$100,000 for a fund to be used for the bank's employees. The directors decided to appropriate another \$100,000 from the surplus. With the money already in the treasury, the employees' fund now amounts to about \$225,000.

The fund is to be used by the treasurer of the City Bank Club, and only the income used. The club is composed of the 450 employees of the bank, and none of the officers are eligible for membership. The club has comfortably furnished quarters in the basement of the bank, and has practically no running expenses to meet, so that the entire income will be available for educational, charitable and entertainment purposes. The membership dues are one dollar a year.

The bank's officers had under contemplation a pension plan to provide for aged and sick employees, and it was pointed out that this plan would

not be affected by the \$200,000 endowment fund. It has been the club's practice to hold monthly dinners, after which a lecture and entertainment were provided in the main banking room. With upward of \$10,000 a year to spend it is said that more elaborate features would be arranged.

Mr. Stillman was chiefly responsible for the formation of the City Bank Club, which he started eight years ago with a personal gift of \$10,000, and he has always been keenly interested in its welfare. A few years ago he added another \$10,000 to his first gift. The club has been popular with the bank's employees, and its meetings have been well attended. It is entertained at a lawn party at Beechwood, President Vanderlip's estate at Scarborough, each year, and occasionally arranges other outings. Jacob Wehnsiedler is president; Roy F. Letson, vice-president; E. B. Maher, secretary, and Will V. Faxon, treasurer.

The City Bank, organized as a State institution, received its charter two days before the outbreak of the War of 1812.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

COLLECTIONS

FAILURE TO MAKE COLLECTION—NEGLIGENCE—BURDEN OF PROOF.

Court of Appeals of Kentucky, May 29, 1912.

STORM BROS. VS. FIRST NATIONAL BANK OF LONDON.

In an action against a bank for failing to collect drafts, the burden is upon the customer to show that the failure to collect was due to the bank's negligence.

THIS was an action against a bank for negligently failing to collect certain drafts.

HOBSON, *C.J.* (omitting part of the opinion): The gist of the plaintiff's action is negligence. It is not a suit on the parol agreement to guarantee the drafts. In order to hold the bank responsible, the burden of proof was upon them to show that the bank, by negligence, had failed to collect the drafts. Negligence is not presumed. It must be proved. Although the stove company made the deposits as shown by the evidence, it may be that none of this money was available for the payment of the two drafts in question. There is not a fact or circumstance shown in the evidence to establish this fact. They inquired at the bank on the day when the drafts were due, and were told there was no money there to pay them. They then acquiesced in this statement of the cashier, he and they both thinking that the stove company would be able in the near future to pay the drafts; but that the bank in fact ever had any money in its hands, which it could with propriety have applied to the payment of these drafts, is not shown by the evidence. It may be that each of these deposits was made to cover an existing overdraft. The facts shown are as consistent with this view as the contrary. Negligence not being presumed, and

the proof not being sufficient to show negligence on the part of the bank, or to raise the presumption of negligence, the circuit court properly instructed the jury to find for the defendant.

Judgment affirmed.

INDORSER

WARRANTY OF—CAPACITY OF MAKER—MARRIED WOMAN.

Supreme Court of Pennsylvania, January 2, 1912.

IN RE YOUNG'S ESTATE APPEAL OF VINCENT.

The provision of the Negotiable Instruments Law, that an indorser warrants "that all prior parties had capacity to contract," applies even though the holder knew, when he took the paper, that the maker was a married woman.

THIS was a claim against the estate of the deceased as indorser upon the note of a married woman, which had been discounted by the East End Savings & Trust Company.

STEWART, *J.* (omitting part of the opinion): The fact that originally the debt was that of the husband of Mrs. Vincent, and not enforceable at law against her, puts no different aspect on the case. A moral obligation rested on Mrs. Vincent to pay the debt, as she had contracted to do. Her legal exemption from liability was a personal privilege of which she might or might not choose to avail herself. (Leonard vs. Duffin, 94 Pa. 218; Rathfon vs. Locher, 215 Pa. 571, 64 Atl. 790.) It follows that when the first note was given with Parthenia Young as indorser a consideration moved directly to Mrs. Vincent in the extension allowed her to redeem her moral obligation. The bank then being the holder in due course, for value, is entitled to the protection which our act of May

16, 1901 (P. L. 194), relating to negotiable instruments, gives. By the fifty-seventh section of that act, it is provided that "a holder in due course holds the instrument free from any defect of title of prior parties, and free from defense available to private parties among themselves, and may enforce payment of the instrument for the full amount against all parties liable thereon." And by the sixty-sixth section it is provided that every unqualified indorsement shall be held to warrant (1) that the instrument is genuine and in all respects what it purports to be; (2) that the indorser has a good title to it; and (3) that all prior parties had capacity to contract. The effect of the statute is to shut off all such defense as is here set up. In so deciding, we are in accord with the decisions in other States where like statutory provision governs.

In *Erwin vs. Downs*, 15 N. Y. 575, it is held that "the indorsement of a promissory note implies a guaranty by the indorser, that the makers were competent to contract in the character in which, by the terms of the paper, they purported to contract; and knowledge by one who became the holder of such a note before maturity and for a valuable consideration that the makers were married women does not deprive him of the right to rely upon the implied guaranty of the indorser that the makers were competent to contract as parties, nor of the character of a bona fide holder." In *Binney vs. Globe National Bank*, 150 Mass. 574, it is held that, "while a promissory note between husband and wife is void between the original parties, an indorser, when sued on the contract between him and his indorsee, is not at liberty to deny the validity of the original note, or the capacity of the maker, for the purpose of defeating his or her liability." The views expressed in these cases as to the purpose and effect of the statute rest upon the plain language of the act itself, which admits of no other construction. Their application to the case in hand is too obvious to call for discussion.

STOCK

LIEN OF BANK UPON—REFUSAL TO TRANSFER—STOCKHOLDER INDEBTED TO BANK.

Supreme Court of New York, Appellate Division, First Department, December, 1911.

HENRY C. STRAHMAN VS. YORKVILLE BANK.

In the absence of a statute authorizing such restriction, it is not competent for a bank to restrict the transfer of its stock by a stockholder who is indebted to it.

Section 51 of the Stock Corporation Law of New York, which provides that if a stockholder is indebted to his corporation the directors may refuse to assent to the transfer until the indebtedness is paid, provided a copy of the section be printed on the certificate, is applicable to banking corporations.

The provision in the Banking Law of New York that no banking corporation shall make any loan or discount on the security of its own stock, nor be the purchaser thereof, unless necessary to prevent loss upon a debt previously contracted in good faith, relates to security taken and held upon which the bank obtains a lien, which it may enforce in the event of a default by the debtor, and is not applicable where a bank merely discounts the notes of a stockholder, without taking his stock as collateral security.

The notice to the assignee of the stock is sufficient if a copy of the by-law authorizing a refusal in such cases is printed on the certificate.

THIS proceeding was brought to compel the Yorkville Bank, a banking corporation incorporated under the laws of New York, to transfer ten shares of its stock upon its books. A certificate for these shares had been issued to Charles C. Clausen, who had pledged the same with the Hudson Trust Company as collateral security to a note. The note not being paid at maturity, the trust company sold the stock to the plaintiff. When the latter presented it for transfer to the bank, transfer was refused because Clausen was indebted to the bank.

LAUGHLIN, J. (omitting part of the opinion): Subdivision 5 of section 25 of the Banking Law, so far at material, provided as follows: "No such corporation shall make any loan or discount on the security of the shares of its own capital stock nor be the

purchaser or holder of any such shares unless such security or purchase shall be necessary to prevent loss upon debt previously contracted in good faith; and stock purchased or acquired shall, within six months from the time of its purchase, be sold or disposed of at public or private sale."

We are of opinion that the discount of Clausen's paper by the bank, upon which it made the loan to him which was unpaid, as already stated, did not constitute a loan or discount on the security of the shares of its capital stock then owned by him, within the intent and meaning of the provisions of said subdivision 5 of section 25 of the Banking Law herein quoted. It does not appear whether or not the discount and loan were made on collateral security, nor does it appear that the transaction contained any reference to his ownership of capital stock in the defendant. Clausen's stock was never redelivered to defendant since it was issued to him, and it does not appear that there was any agreement to redeliver it. The statute, we think, plainly relates to security taken and held, upon which the bank obtains a lien, which it may enforce in the event of a default in the payment of the indebtedness. If there were a conflict between the provisions of the Banking Law and the Stock Corporation Law it is quite clear that the provisions of the former would prevail; but in the absence of such conflict the provisions of the Stock Corporation Law in question does not give, or purport to give, to the corporation issuing the stock a lien on the shares of the capital stock owned by a stockholder who is indebted to it, but merely provides that the directors may refuse to consent to a transfer of his stock until the indebtedness is paid. It is a provision for the coercion of the payment of an indebtedness by a stockholder to the corporation as a condition of his being able to effect a sale of the stock which will be recognized by the corporation and transferred on its books. It was, therefore, competent for the defendant to claim the benefit of said section 26, now section 51, of

the Stock Corporation Law. The remaining question to be decided is whether it has effectively done so.

The question as to whether the provisions printed on the face of this certificate, *if authorized by defendant at the time, would* constitute a substantial compliance with the requirements of said section 26 of the Stock Corporation Law is not free from doubt; but we are of opinion that the purpose of the statute was to give notice to the purchaser of stock that the directors might refuse to consent to a transfer thereof until the indebtedness owing by the stockholder to the corporation was paid, and in that view the provisions printed on the face of this certificate gave the purchaser such notice quite as effectively as if a copy of the statute had been written or printed upon the certificate instead.

It follows, therefore, that the defendant should have judgment to the effect that it is not obliged to transfer the stock upon its books until the indebtedness of Clausen to it is paid.

STOCK

LIEN OF BANK UPON—PENNSYLVANIA STATUTE.

Supreme Court of Pennsylvania, January 2, 1912.

BANK OF MILLVALE VS. OHIO VALLEY BANK ET AL.

Under the statutes of Pennsylvania a bank may not acquire a lien upon its own stock for the indebtedness of a stockholder.

The former statute authorizing such a lien (act May 13, 1876) was repealed by the act June 24, 1895.

THIS was a mandamus proceeding to compel the Ohio Valley Bank to transfer twenty-five shares of its stock to the Bank of Millvale. The stock had been owned by W. H. Graham, who had pledged it as security for a loan. The loan not being paid the stock was sold, and became the property of the Millvale Bank. Graham had also made a note to the Ohio Valley Bank, upon which he had

defaulted, and the latter bank refused to transfer the stock upon its books because it claimed a lien thereon for this indebtedness.

The Supreme Court affirmed the judgment of the Court of Common Pleas upon the opinion of Ford, Judge. In the course of that opinion it was said: "It is conceded that the defendant bank may refuse a transfer and as security retain title to the stock unless the provisions of section 21 [Act May 13, 1876] have been repealed by the act of June 24, 1895. The act of 1895 is as follows: 'That any stockholder of any company incorporated under the laws of this commonwealth shall be entitled to receive a certificate of the number of shares standing to his, her or their credit on the books of the corporation, which certificate shall be signed by the president or vice-president or other officer designated by the board of directors, countersigned by the treasurer and sealed with the common seal of the corporation, which certificate or evidence of stock ownership shall be transferable on such books at the pleasure of the holder, in person or by attorney, duly authorized as the by-laws may prescribe, subject, however, to all payments due or to become due thereon; and the assignee or party to whom the same shall have been so transferred shall be a member of said corporation and have and enjoy all the immunities, privileges and franchises and be subject to all of the liabilities, conditions and penalties incident thereto, in the same manner as the original subscriber or holder would have been. And upon a sale of such stock in satisfaction of any debt for which it is pledged the purchaser shall have the right to compel a transfer of such stock upon the corporation books and the delivery of a proper certificate therefor.

"Section 2. That all laws or parts of laws inconsistent herewith be and the same are hereby repealed."

"In *Sproul vs. Standard Plate Glass Co.*, 201 Pa. 103, 50 Atl. 1003, the defendant was a manufacturing corporation, and claimed a lien upon stock to which *Sproul* was entitled for a debt

contracted prior to the passage of the act of 1895. It was held that the act had no retroactive effect so as to change the rights of the parties prior to the passage of the act, but Mr. Justice MITCHELL, in construing the act, said: "The act of June 24, 1895 (P. L. 258), provided for the transfer of certificates of stock at the pleasure of the holder as the by-laws may prescribe, "subject to all payments due or to become due thereon," and then contained the provision in regard to purchasers of sales, in satisfaction of debt. * * * The only repealing clause is the general one of all laws inconsistent herewith, but as the act of 1895 is upon the same subject and in a large part in the same words as section 7 of the act of April 29 1874 (P. L. 78), but gives an absolute right of transfer inconsistent with the necessity of consent by the board of directors this requirement of the act of 1874 is necessarily repealed."

"In the present case the question differs from the question in *Sproul vs. Plate Glass Company*, in that the stock is that of a bank of discount and deposit organized under the act of 1876, and not under the general corporation act of 1874. Prior to the act of 1895, corporations, including banks of discount and deposit, were vested with lien upon their stock for an indebtedness owing by a stockholder to the corporation. The act of 1895 favors the sale and transfer of stock, and avoids anything tending to hamper such transactions. The act regulates the issue and transfer of stock by companies incorporated under the laws of the commonwealth. Company and corporation are commonly used as interchangeable terms. Manifestly 'companies' used in connection with the words 'incorporated under the laws of this commonwealth' related to corporations and included banks of discount and deposit. It has not been the policy of the law to encourage loans by banks of discount and deposit to stockholders. It is specifically provided that a bank shall not take as security for any loan or discount a lien on any part of its

capital stock, but the same security, both in kind and amount, shall be required of persons, shareholders, and nonshareholders. Clearly the purpose of the act of 1895 was to facilitate the transfer of stock, not only to a purchaser in ordinary course, but to a pledgee and to a purchaser at a sale had upon a pledge given in security for a debt. It gives 'an absolute right of sale' inconsistent with the right of the bank to refuse a transfer or to retain the stock until the dividends, interest, and profit shall discharge an indebtedness due by the stockholder, and the provisions of section 21 of the act of 1876 are necessarily repealed.

STOCK

LIEN OF BANK UPON—DISCHARGE OF.
Supreme Court of Oklahoma, November 14, 1911.

ARDMORE STATE BANK VS. MASON.

(Syllabus by the Court.)

A purchaser of bank stock may compel, by bill in equity, the transfer of the same on the books of the corporation, or he may sue in conversion and damages for the failure to so transfer.

Where a general demurrer is filed to a petition, if any paragraph states a cause of action, the demurrer should be overruled.

The statute requiring the pledgee, before the sale of pledged property, to give notice and sell same at public auction, was enacted for the benefit of the pledgor, and he may waive, by stipulation, both the notice and the public sale, and in that event a private sale is valid.

McL. owned ten shares, fully paid up, in the A. State Bank. On June 24 he was indebted to said bank for borrowed money in the sum of \$2,000. On the same day he borrowed \$5,255 from the F. State Bank, and secured the same by pledging, among other things, his ten shares of stock in the A. State Bank. On June 25 he paid in full his indebtedness to said A. State Bank, and from June 25 to July 8 he was not indebted to it in any sum whatever. On the latter date he borrowed \$1,500 from the A. State Bank. During the time in which he was not indebted to said bank, actual knowledge was given to said bank of the pledging of his ten shares of stock to the F. State Bank, yet, notwithstanding such knowledge, the last loan of \$1,500 was made. The contract of pledge stipulated that upon default of pay-

ment of the principal sum the pledgee might sell the pledged stock without notice and at private sale. On November 12 plaintiff bought, at private sale, the said shares and thereafter presented the same to the A. State Bank and demanded that the certificate be canceled and a new certificate be issued, and that the said shares be transferred on the books of such A. State Bank, which was refused on the grounds that McL., the original owner and pledgor, was then indebted to said A. State Bank, and that said bank had a statutory lien on said stock for such indebtedness, and also for the further reason that the by-laws of said A. State Bank prohibited a transfer of stock by its stockholders who were indebted to said bank either as principal or surety.
Held:

First. That the statutory lien which the A. State Bank had against such stock on June 24 was discharged when the owner of such stock on June 25 paid all his indebtedness to said bank; and

Second. That after June 25 and up to July 8, when McL., the owner of such stock, was not indebted to said bank, he had a right to sell, assign or transfer by way of pledge the said stock, and that the same was free from statutory lien; and

Third. That when said A. State Bank, with knowledge of the pledge, again made McL. a loan, it did so at its peril, and that it was not entitled to priority lien on such stock as against the pledgee who had received such stock in hypothecation when there was no indebtedness to the issuing bank at the time when its second credit was extended to said McL., and that such subsequent loan to said McL. by said A. State Bank made its statutory lien subsequent and secondary to that of the pledgee of such stock; and

Fourth. The pledgee, by virtue of the stipulation between the parties, had a right to sell such pledged stock at private sale, without notice, on November 12, and the purchaser became the equitable owner and entitled to the legal title to said stock by having the same transferred on the books of the said A. State Bank; and

Fifth. The by-laws of said bank which prohibited the sale of stock by a stockholder while indebted to the bank, was made for the benefit of the corporation, and its provisions do not apply to bona fide purchasers of stock in good faith at pledgee's sale, especially when the corporation has actual knowledge of the pledge and such pledge was made at a time when there was no statutory lien on the pledged stock, and the indebtedness by which the bank now claims its lien was created after the stock was pledged.

THIS was an action against the Ardmore State Bank to compel the transfer on its books of certain shares

of stock purchased at a pledgee's sale. The facts and points decided are stated in the official syllabus above.

CHECK

FORGERY—PERSONS OF SAME NAME.

Supreme Court of Mississippi, May 6, 1912.

THOMAS VS. FIRST NATIONAL BANK OF GULF- PORT.

Where a check reaches the hands of a person of the same name as the payee and this person indorses his name on the check and obtains the money thereon, such indorsement is a forgery, and is no protection to the bank cashing or paying the check.

IN this case a draft intended for a white man of the name of J. S. Thomas came into the possession of a negro of that name, who indorsed the same, and obtained the money thereon from the First Nat. Bank of Gulfport, where he had a deposit.

MAYES, C.J. (omitting part of the opinion): The question in this case is simply this: Where there are two people of the same name, and a check, by accident, reaches the hands of the wrong person, and the person wrongfully obtaining the check indorses his name on same and receives the proceeds from an innocent third party, is such an indorsement a forgery, and is the innocent party protected as against the true owner? The trial court held that it was not such a forgery as would fasten any liability on the bank, and from this judgment this appeal is taken.

There seems to be little dissent in the authorities; almost, if not quite all, the authorities holding that under such circumstances the party paying the check to the one forging the indorsement is not protected. Under such circumstances, it is nothing but a forgery. The true owner of the check is not placed beyond the protection of the law because some unscrupulous person of the same name lives in the same town with him. The true owner has never parted with his title, and his property is not to be taken away from

him without his consent merely because the check happens to fall into the hands of another of the same name. Banks taking checks must know the true parties claiming to own them—in fact, who do own them—and they act at their peril. Where there are two or more persons of the same name, it cannot be anticipated that one of them will commit a crime and forge the name of the other to an instrument which may have accidentally come into his hands. The true owner of the check was guilty of no sort of neglect which would operate as an estoppel on him. He had a right to have his mail sent to him at the general delivery at Gulfport.

In the case of *Beattie vs. National Bank of Illinois* (174 Ill. 571), the court holds that: "Where a bill is payable to the order of a person, and another person of the same name of the payee gets hold of it and indorses it to a party who takes it in good faith and for value, such party acquires no title to the bill. If the indorsement, so made by a person who is not the real payee but has the same name as the with full knowledge that he is not the real payee, and with intent to perpetrate a fraud, his indorsement cannot be regarded otherwise than as a forgery." To the same effect are many cases cited in the opinion in the above case.

It is true that Mr. Morse, in his work on Banks and Banking, at page 851, states in his text that under such circumstances he does not think that the rule announced above is correct; but he admits in this same text that, "though the propriety of the rule may be criticised, it must be admitted that it lays down the only adjudicated law in the premises, except a remark made in an old case in New Hampshire"; and he further says, "The only English authority is to the same effect." Mr. Morse's view is that "the technical rule of law declaring the indorsement under such circumstances a forgery is too strong for the principles of justice"; but he is much alone in this view. We prefer to follow what seems

to be the settled authority upon this subject, not only because the authorities are that way, but because we differ from Mr. Morse and believe that the principles of justice announced by the decisions are more in accord with true principles of right than the view stated by Mr. Morse. It is difficult for us to understand by what principle of right a man should have his money or valuables taken from him because he has the misfortune, through no fault of his own, to have the same name as some other person in the same town. It is difficult for us to understand how the true owner of a draft may lose his property rights in same by reason of the fact that it has fallen into the hands of another person of the same name and that other person has forged an indorsement of his name to the instrument and obtained money for it when the true owner knew nothing about it.

In the Beattie Case, in 174 Ill. 571, the court held that the true owner of a draft could recover its value where the person receiving it had the same name, but not the same middle initial. In other words, in the Beattie Case, the

draft sued upon was made payable to the order of one George A. Bent, when in truth it was intended for George P. Bent. The draft was mailed to George A. Bent, and George A. Bent received it and indorsed upon it his own name and sold it to a purchaser in good faith; but the court held, notwithstanding this, that the purchaser got no title, saying: "It is true that the real and intended payee of the draft was named George P. Bent; but the fact that the name of the real owner and the name of the fraudulent possessor of the draft differed, so far as the middle letter of the name is concerned, does not make the case other than a case where the real name of the payee and the name of the assumed payee are the same. This is so because the law does not regard the middle initial as a part of a person's name, but only recognizes one Christian name of a party."

It is readily seen that the above case is a stronger case than this one because there was a difference in the name; that is, a difference in the initial. But in this case there was not such a difference, but the name was identical.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

RE-DISCOUNTS — AUTHORITY OF CASHIER—BORROWING FUNDS

LOUISVILLE, KY., July 21, 1912.

Editor Bankers Magazine:

SIR: Please inform me, through the columns of your magazine, whether the cashier of a bank has authority to rediscount notes of customers held by the bank.

MERCHANT.

Answer: It is well established that the cashier, in virtue of his office, and without any express authority from the directors, may borrow money for the bank, since as financial agent of the bank he has the duty of paying its debts and meeting its obligations, and having the power to borrow, he has necessarily the power to bind the bank for the repayment of the money, and to secure the obligation by a pledge of

the paper belonging to the bank. (Citizens Bank vs. Bank of Woddy, 126 Ky. 169.) In the case cited the Court of Appeal of Kentucky said:

"Obviously a bank cashier has authority, when he finds his cash running low at the close of a day's business, to borrow cash from another bank upon collateral to make ends meet; and, if he foresees that he may get in this condition, he may make such a loan in advance."

And in *West St. Louis Savings Bank vs. Shawnee County Bank*, 95 U. S. 557, the Supreme Court of the United States said:

"Ordinarily, the cashier, being the ostensible executive officer of a bank, is presumed to have, in the absence of positive restrictions, all the powers

necessary for such an officer in the transaction of the legitimate business of banking. Thus, he is generally understood to have authority to indorse the commercial paper of his bank, and bind the bank by the indorsement. So, too, in the absence of restrictions, if he has secured bona fide re-discount of the paper of the bank, his acts will be binding because of his implied power to transact such business."

he offers. The question which we would like you to answer is this: If we should sue A, could he offset against the note all the interest which he has paid us on the various renewals?
CASHIER.

Answer: As this question comes from a national bank, the question must be governed by the National Bank Act. The law in such cases is now well settled. Where the bank sues to recover the loan it cannot, if there has been usury, recover any interest at all, but only the principal of the loan. *Barnet vs. Muncie Nat. Bank*, 98. But where, as in this case, the interest has been paid, and the bank seeks to recover only the *principal*, the borrower can not set off or counterclaim any of the interest which he may have paid. *Haseltine vs. Central Nat. Bank*, 183 U. S. 132; *Norfolk Nat. Bank vs. Schwenk*, 46 Neb. 381. The borrower, however, is not without a remedy in such case. He is entitled to sue the bank to recover twice the amount of the interest he has paid within the last two years. *First Nat. Bank vs. Watt*, 184 U. S. 151.

USURY—NATIONAL BANK—SUIT ON NOTE

OMAHA, NEB., July 22, 1912.

Editor Bankers Magazine:

SIR: A is a customer of a bank and has been in the habit of borrowing from the bank. A good deal of his paper has been renewed from time to time, he paying the interest in cash upon each renewal. The bank has now refused to further renew, and may have to bring suit upon the last note, which is now overdue. The interest paid by A was more than the legal rate, and his lawyer has threatened to set up usury if the bank will not accept the compromise which

INVESTMENTS

Conducted by Franklin Escher

INVESTMENT QUALITIES

By E. C. Church, of The Rollins Magazine

THE investor, to secure the utmost advantage from the use of his funds, has a few basic points to consider. All investment bonds possess to some degree the following qualities: Safety of principal, security of interest, satisfactory income, marketability. All of these qualities enter into the cost of a bond and have to be paid for by the investor, and it behooves him to combine in high degree those qualities that are essential to him to the limitation of those that he does not need. In this way he will realize the greatest benefit from his investment.

Investors need, primarily and above all else, security of principal—the certainty of the return of their invested capital at maturity. There are some bonds, which are bought by business men of means who feel that they can afford to take a considerable risk on the chance of making a large profit, that do not possess this quality. They cannot, however, be classed as investments.

SECURITY OF INTEREST.

Security of interest really means regularity of interest. There are some

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bonds secured by tangible property of ample value, but so susceptible to passing conditions that a temporary default of interest is liable to occur. A purchaser of this sort of a bond may eventually get both principal and interest. It is not, however, the province of a reliable bond house to deal in bonds of this nature, and only people of ample income who will not be embarrassed by a delay in payments can afford to purchase them.

INCOME YIELD.

There is an old adage in investment matters that the higher the interest yield, the greater risk the investor undertakes. This is true in a broad sense, but is very misleading if taken literally, as there are many exceptions. The price of securities, as of everything else in which there is a free market, depends upon supply and demand. There are many securities, which a banking house will find after a thorough investigation, which combine safety of principal and interest, but which do not command at the time a high price on the market, because they are comparatively unknown. The security may be more ample than in some issue which has long been before the public and with which the public feels acquainted, but the price will be lower, consequently the income yield higher, than in the case of a better known issue. In obtaining securities of this

sort, the well established and experienced bond house performs a distinct and dual service—to the investor in providing him with desirable securities that will yield more than he could obtain for himself with equal safety, and to the municipality or corporation issuing the bond, in furnishing them the funds with which to progress and develop.

MARKETABILITY.

The marketability of a security is measured by the ease with which it can be converted into cash. In a broad way, the larger the issue the greater the marketability, as large issues are more widely distributed, and consequently their merits are known to a greater number of individuals in a greater number of markets. Marketability is especially desirable to banks of discount, fire insurance companies and for the investment of the surplus of business houses, as any of the foregoing might suddenly be called upon to furnish substantial sums on short notice in the course of their every-day business. Few people realize how much an investor pays for great marketability. The majority of investors do not need this quality in a high degree. Any one having a few thousand dollars invested in bonds has nearly always established sufficient credit to enable him to borrow money quickly either on his unsecured note or with the bonds as collateral. It is seldom necessary, however, for the

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ordinary individual to raise any sum of money within a few hours, so that an investment that does not possess great marketability is really more desirable for most of us, as there is no sense in paying for a quality which amounts to a loss of one-half of one per cent. or more in income, unless that quality is primarily required. It should be remembered that some of the most marketable bonds do not possess security of principal and interest to a great degree, but are traded in heavily on account of their speculative possibilities.

Many investors make the mistake of demanding a bond that is listed on some Stock Exchange. The listing of a security on an Exchange means nothing of itself. It is true that some of the most active issues are listed, but it is also true that many readily marketable issues are not listed. Moreover, a great many of the bonds listed on the Exchanges are exceedingly inactive and do not command as ready a market as other securities not so placed. The ideal market for an investment bond is one that has been established through the distribution of the issue by a responsible bond house. A bond issue that is distributed in this manner goes into the hands of investors who seldom wish to sell, consequently the market is not afterward depressed by numerous offerings by holders whose financial strength was not equal to their commitments. The bond house having an established clientele covering the investment markets is able to place securities regardless of conditions that are local to any one market, and such a house feels a responsibility to its clients in finding a market for their securities should they ever wish to realize on them. Moreover, an investor in bonds issued by such a banking house, while not paying for marketability, very of-

ten finds in the matter of a few years, that his bonds have acquired a broad market which cost him nothing when he made his investment.

ADVICE.

Any one desiring to make investments should go to his bond house with an open mind, tell for what purpose the investment is made and in what shape his other investments stand, and be disposed to accept the recommendation made him in the same way that he is disposed to take the advice of his lawyer, doctor, architect, or any other expert he may consult. We do not mean that an investor should blindly do whatever his banker tells him, but we do believe that many investors, by entertaining prejudices for and against certain lines, do not realize the most for their money. We knew of an investor who would not buy the bonds of a certain public utility, because he had years ago owned some real estate in that city on which he had lost money, regardless of the fact that the public service corporation had been long established, and was exceedingly prosperous and that the bonds had a valuable equity behind them. There is another class of investors who are willing to take the recommendation of some friend whose knowledge of the security in question is superficial as compared with the knowledge of his banker, acquired through an examination that may have cost several thousand dollars.

The training and talent developed in the modern bond house places its men on the same standing as experts in other professions, and their advice is entitled to the same consideration and respect that you would accord to your lawyer or your physician, for in the last analysis the interests of a good bond house and its clients are identical.

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FUTURE OF RAILWAY STOCKS

By Frank W. Noxon, Secretary Railway Business Association

A WITNESS in a freight rate hearing before the Interstate Commerce Commission was asked whether the average winter's expenses of his railroad would be like those of the year then just passed. Remembering his Lincoln, he replied: "It would be like that if that was what it was like. You never can tell."

Some prophets are predicting that railroad stocks have no future because railways will not be permitted earnings sufficient for satisfactory dividends. It will be like that if that is what it is like—but is that what it *will* be like?

FAIR RATES.

To think that railways will not be permitted by the public earnings sufficient to serve that public is to assume that the American business world will be permanently bent on suicide. To accept that theory you have to believe business men incapable of understanding that when an enterprise, even a railroad, with more business than it can do, refrains from enlarging its plant proportionately, it refrains because the profit on business now done is too narrow to warrant the extension or to attract the capital. You have to believe that shippers will oppose the strengthening of railway income even though they know such opposition spells a weakening of their own income.

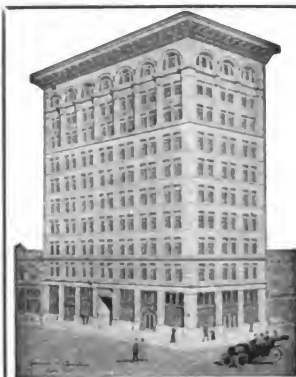
When the railway official dreams about the industrial traffic commissioner he may from ancient habit still see

him with hoofs and horns, just as some shippers may have night visions of a railroad president exhaling flames; but rosy-fingered Phoebus paints a milder portrait. Nobody is well informed as to the value of American railway stocks who does not know that the study of earnings as they bear on adequacy of facilities, has been taken up in a systematic way by organizations of shippers and that the traffic commissioners of concerns and of trade bodies are giving careful attention to the subject.

LESSENING THE FRICTION.

The Railway Business Association, whose purpose is to promote conciliation between the public and the railways and whose permanent and active efforts are themselves an important factor upon which to base optimistic views, has for many months sought the sentiment of shippers in all parts of the country. Innumerable evidences demonstrate that the period of harsh friction is past.

The National Industrial Traffic League has individual members and delegates from boards of trade representing 80,000 shippers. It was virtually that League, though nominally and as to funds a temporary committee, which managed the successful protest against the trunk line advances denied by the Interstate Commerce Commission in 1911. In point of influence with the government in railway matters



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the League is without doubt the most powerful organization and in its field practically the only organization. It represents not only very large shippers but shippers of all sizes, the smaller concerns having developed a co-operative method of dealing with the railroads through traffic bureaus which in turn send delegates to the League.

This body is, on the whole, a thoughtful, deliberative and constructive body. For several years its president was J. J. Lincoln, traffic director of the Merchants' Exchange in St. Louis and now manager of the newly-created Traffic Bureau of the Merchants' Association of New York. Mr. Lincoln, in supporting in 1910 before the Senate Committee on Interstate and Foreign Commerce amendments to the Interstate Commerce Act, on behalf of the League, declared that negotiations between the railroads and the shippers were solving many problems, "conclusions being reached which are not issued in the shape of orders, but are approved by the Commission on the facts developed." There had been, he said, "faults on the part of the shippers and faults on the part of the carriers, and they have been corrected We are not asking for low rates, but for stability of rates and reasonable rates; rates adjusted to our competition; but stability of rates."

In 1912 J. M. Belleville of the Pittsburgh Plate Glass Co., who had been chairman of a highly successful Freight Claims Committee, was elected president of the League. The

League has long systematically urged its members to do their part in such matters as good packing and marking of freight and prompt unloading of cars. Mr. Belleville advocates a much closer coöperation between the railroads and the shippers than has yet been evolved. Coöperation has already wrought miracles with the freight claim problem. It is his idea that systematic conferences in the various traffic areas will serve to iron out other wrinkles by educating each side to the necessities of the other. Mr. Belleville, on the question of rates, strongly favors the most liberal attitude by shippers. This is in justice to those who have already invested in railway securities, but still more in the interest of the shippers themselves. They cannot in his judgment have facilities and prompt deliveries unless the roads have the financial resources with which to keep up replacements vigorously and to attract capital for additions. In electing him president his colleagues were thoroughly aware of his position on this question and his unanimous choice to the position can be taken in no other way than as an expression of liberal and constructive policy.

Constituent organizations during the spring of 1912, following an acute car shortage in February and March, adopted resolutions directing attention to the connection between car shortage and industrial calamity, between meagre railway earnings and inability of the railways to provide adequate facilities.

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THE RAILWAYS AND THE PUBLIC.

The public has taken control of the roads, and in doing so has enjoyed a reduction in temperature and acquired a sense of responsibility for results. Much remains to be done by way of education. Many shippers still have a lingering superstition that nothing which injures a railroad can fail to benefit the public and that all railway men are in the nature of the case rascals whom it is everybody's patriotic duty to harass as a matter of general retaliation for sins which their fathers committed. A few railway executives wear with some awkwardness the new-style robe of conciliation and still chafe under the yoke of regulation. The more enlightened view, however, has permeated both sides. Most railway managers know that coöperation is desirable and essential. They understand that the shippers in their organized capacity can easily prevent, as they did in 1910, any concessions which they believe to be ill-considered or unnecessary. They also now have reason to hope that any fair and reasonable showing of necessities will result in the acquiescence of the shippers in whatever plan of rate readjustment may be necessary in order to strengthen railway resources.

To say that railway stock will be a good investment in the future is only to say that railway stock will be in the future a necessary adjunct to the process of providing facilities. Nobody wants to see American railways re-

duced to the British standard of bond-heavy capitalization. Even if railways did desire to continue increasing their capital by creation of funded debt, many of them, including those traversing areas of densest traffic, now lack the unincumbered physical property upon which to base such issues. Stock is their principal recourse. If the sale of railway stock is necessary to the prosperity of the United States, and it certainly is, then the common sense and enlightened self-interest of the business men of the United States may be depended upon to make the sale of railway stock possible through whatever policies affecting revenues the case may require.

COMMON SENSE ON THE COST OF LIVING

SO far as the price of wheat, corn and cotton is concerned, say Nelson, Cook & Co., the law of supply and demand is very much more responsible for the advance in prices than is the increase in the production of gold. The large increase in the population of this country has not been offset by an increase in an area of land cultivated or in the amount of crops produced. The government census shows that the population of this country in the year 1900 was 75,994,575 and in 1910, 91,972,266, an increase of 21 per cent. Furthermore, the increase in urban population was 34.08 per cent., while the increase in rural population

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was only 11.02 per cent. Rural population includes those dwelling outside of incorporated towns having as many as 2,500 inhabitants. During this period the land in farms increased only 4.80 per cent., while the improved area increased 15.40 per cent. The increase in grain area in 10 years was 3.05 per cent. and the increase in grain production only 1.07 per cent. Thus it will be seen that while the population has been increasing very greatly, the cities have been filling up much more rapidly than the country districts, and that the amount of land under cultivation has increased very little in proportion to the increase of population.

Can there be any better explanation of the advance in food products than this comparison of the increase in population with the increase in land under cultivation and in crops produced? And does this not to a large extent explain the increase in the money value of cereal crops which amounts to 80 per cent.? The per capita production of

cereals in 1899 was 58.4 bushels; in 1909 it was 49.1 bushels, a loss of nine bushels per capita. The comparison of the ten years' period shows that the wheat area declined 16 per cent. but the value of the wheat crop increased from \$369,945,320 in 1899 to \$657,656,801 in 1909; an increase of 77.8 per cent. The corn area increased 3.7 per cent., while the value of the corn crop increased 73.7 per cent. Oats increased 19 per cent. in area and 6.8 per cent. in production and 91 per cent. in value. Hay increased 17.2 per cent. in acres, 23 per cent. in production and 70 per cent. in value. Cotton increased 32 per cent. in area, 11.7 per cent. in production and 117 per cent. in value of the crop comparing the year 1900 with the year 1909. The Department of Agriculture records the fact that the number of cattle raised in this country is 2,400,000 less than it was one year ago, and that there were 1,200,000 less sheep than were raised in the previous year.

CONSERVATISM IN INVESTMENT

By S. W. Straus, of S. W. Straus & Co.

THE public loves the spectacular. It gives ten times the attention to the newspaper report of the stock gambler who makes a million dollars by a bold speculation in Wall street that it gives to the example of him who amasses a fortune by slow, careful, prudent steps, considering each step before it is taken and making no false ones.

The idea of making a large amount of money by a single stroke is fascinating enough, and is far more attractive to the unthinking than the notion

of building up such a sum by the steady accretions of years. But there is one factor always overlooked by those who admire and envy the spectacular and victorious strokes of the speculator in stocks—that while he has made a million dollars, someone else has lost an equal sum. He has guessed right on the trend of stock prices; others have guessed wrong. He wins. Someone else has lost. His dollars are gained at the cost of another. He has created no real value.

WINNER AND LOSER.

For every gain in stock speculation, therefore, there is an equal loss, and no man who speculates in the market for shares can say with the slightest degree of certainty that he is not going to be the loser. Right at the start, there is an equal chance against the speculator. And the weight of chance against the man who makes a habit or a vocation of speculation, day in and day out, is enormous.

Speculation in stock is like speculation in mines. There are a few brilliant examples of success. There are many brilliant examples of utter and pitiable failure. What becomes of the losers in the stock market? Look at the eager, bitter, disappointed faces around the tickers in second-rate brokerage offices and find the answer. What becomes of the losers in mining? Look at the hillsides and see the aging prospectors, plodding, digging, blasting, moving from one camp to another and one mountain-side to another, pathetically hoping against hope for a "lucky strike"—and find the answer.

The average man of good common sense will not buy groceries at a store where he has to gamble on the quality and healthfulness of the food supplies there. In like manner, where his money is concerned, he will not gamble with it and take a large chance of losing it for a small chance of striking it rich.

A LESSON LEARNED.

The world is growing better. Civilization is becoming more civilized. The American people have learned many lessons and are learning more all the time. And in nothing has the lesson learned been more impressive than in the affairs of money and investment.

Go back to the times just before the Civil War. The only sound investment generally known was the first mortgage on improved real estate. Mortgages were made direct from mortgagor to mortgagee. The man who attempted to fill the functions of the modern investment banker, to make

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carefully selected loans, to surround them with proper safeguards, and sell these loans to investors, would have starved to death. Fraud was rife. The very money in daily use was an object of suspicion. "Wild cat banks," scattered through the country, issued bank notes of doubtful value, and no man dared take a greenback without carefully scrutinizing it. Many, indeed, would take no money but gold and silver. The transmission of funds to a distance was attended with many difficulties. The modern machinery of credit and exchange was hardly even in its infancy, and outside of New York and Boston, was practically unmade.

Contrast such a period with the present. Now, the money of the nation is so far above suspicion that questioning it would be like questioning the moral worth of the Ten Commandments. The banks are sound and command so much confidence that the finding of an unsound one is a nine days' sensation. Funds can be sent long distances with perfect safety, at home and abroad, at the slightest of cost. And the principles of sound investment, formerly a closed book, are becoming generally understood, and the great national magazines are educating the people, week by week and month by month, to distinguish the true from the false, the safe from the unsafe.

Now the investor may go to the conservative and reputable investment bank, relate his circumstances, state the amount of money he has to invest, and receive experienced and disinterested advice as to what investments are best suited to his particular needs—advice that truly serves his own best interests. And of safe investments there is such

great variety that the only difficulty lies in choosing.

The day of the get-rich-quick swindler is passed and gone. The people are educated beyond him and see through his shallow artifices. There is no longer need for the pathetic words of the woman who had lost all she had in mining stock: "I didn't know where else to put my money."

In other words, the world of finance and the individual investor have alike grown conservative. He who seeks an investment that is safe, that will not lose its value, and that will bring him in a reasonable return on his money has no difficulty in finding what he wants. The investor has come to realize that he cannot get twenty per cent. and safety. He has learned that one cannot get perfect security, stability in value, a high income, and instant con-

vertibility into cash, in one and the same investment. If he invests in government bonds he must sacrifice income and content himself with three per cent. or less to gain an excess of safety and instant convertibility—and he must even sacrifice something of stability too, for government bonds, like nearly all other bonds listed in the stock exchange, have declined in value in the last six or seven years. If he buys a standard railroad bond, he must still content himself with a small income, four per cent. or thereabouts, to get immediate and general convertibility, anywhere in the United States, coupled with safety. If he insists on safety and an income of five and one-half to six per cent., he buys first mortgage real estate bonds or first mortgage loans.

INVESTMENT AND MISCELLANEOUS SECURITIES

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Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 60 Broadway, New York.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	285	294
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So. R.R.)	175	..
Beech Creek (N. Y. Central)	92	96
Boston & Lowell (B. & M.)	214	..
Boston & Albany (N. Y. Cen.)	230	223
Boston & Providence (Old Colony)	296	300
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	160	190
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	167
Camden & Burlington Co. (Penn. R. R.)	130	140
Cayuga & Susquehanna (D.L.&W.)	205	215
Christopher & 10th St. R. R. Co. (M. S. R.)	130	140
Cleveland & Pittsburg (Pa. R. R.)	168	172
Cleveland & Pittsburg Betterment	98	100
Columbus & Xenia	205	208
Commercial Union (Com'l C. Co.)	100	110
Concord & Montreal (B. & M.)	156	162
Concord & Portsmouth (B. & M.)	170	..
Conn. & Passumpsic (B. & L.)	139	..
Conn. River (B. & M.)	270	..
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila.&R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	99
East Pa. (Phila. & Reading)	125	135
Eighth Av. St. R. R. (M. S. R. C.)	300	..
Elmira & Williamsport pfd. (Nor. Cen.)	142	152
Eric & Kalamazoo (J. S. & S.)	200	230
Eric & Pittsburg (Penn. R. R.)	135	142
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	128	133

	Bid.	Asked.
Franklin Tel. Co. (West. Union)	110	115
Forty-second St. & G. St. R. R. (Met. St. Ry.)	270	300
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	266	272
Gold & Stock Tel. Co. (W. U.)	115	123
Grand River Valley (Mich. Cen.)	112	118
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	98	104
Illinois Cen. Leased Lines (Ill. Cen.)	92	96
Jackson, Lans. & Saginaw (M. C.)	80	86
Joliet & Chicago (Chic. & Al.)	150	165
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	77	81
K. C., St. L. & C. pfd. (Chic. & Al.)	105	130
Little Miami (Penn. R. R.)	209	212
Louisiana & Mo. Riv. (Chic. & Atl.)	125	150
Mobile & Birmingham pfd. 4% (So. Ry.)	70	80
Mobile & Ohio (So. Ry.)	80	87
Morris & Essex (Del. Lack. & W.)	171	174
Nashville & Decatur (L. & N.)	183	190
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	105	112
N. Y. & Harlem (N. Y. Central)	370	400
N. Y. L. & Western (D. L. & W.)	122	126
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	163	167
North Pennsylvania (Phila. & R.)	193	..
North R. R. of N. J. (Erie R. R.)	85	92
Northwestern Telegraph (W. U.)	112	122
Nor. & Wor. pfd. (N.Y., N.H. & H.)	210	..
Old Colony (N. Y., N. H. & H.)	188	191
Oswego & Syracuse (D. L. & W.)	205	220
Pacific & Atlantic Tel. (W. U.)	65	75
Peoria & Bureau Val. (C.R.I.&P.)	175	185
Pitta. B. & L. (B. L. E. & C. Co.)	61	65
Pitta. Ft. Wayne & Chic. (Pa. R.R.)	169	172
Pitta. Ft. Wayne & Chic. special (Pa. R. R.)	150	165

Bld. Asked.		Bld. Asked.	
Pitts., McKeesport, McW'port & Y. (P. & L. E. M. S.).....	129 132	Borden's Condensed Milk Pfd.....	106 108
Providence & Worcester (N. Y., N. H. & H.).....	270 ...	Bush Terminal.....	70 85
Rensselaer & Saratoga (D. & H.).....	185 195	Childs Restaurant Co. Com.....	185 195
Rome, Watertown & O. (N.Y.Cen.) ..	...	Childs Restaurant Co. Pfd.....	116 118
Saratoga & Schenectady (D. & H.).....	160 ...	Del., Lack. & Western Coal.....	385 395
Second Av. St. R. R. (M. S. R. Co.)	10 16	E. I. du Pont Powder Com.....	195 205
Southern Atlantic Tel. (W. U.).....	90 100	E. I. du Pont Powder Pfd.....	94 97
Sixth Av. R. R. (Met. S. R. Co.).....	120 130	E. W. Bliss Com.....	65 85
Southwestern R. R. (Cent. of Ga.).....	110 114	E. W. Bliss Pfd.....	120 130
Troy & Greenbush (N. Y. Cent.).....	160 168	Gray National Telautograph	10 15
Twenty-third St. R. R. (M. S. R.).....	200 250	Hudson Companies Pfd.....	50 55
Upper Coos (Maine Central).....	122 ...	Hudson & Manhattan Com.....	17 19
Utica, Chen. & Susq. (D. L. & W.) ..	...	International Nickel Com.....	307 312
United N. J. & Canal Co. (Pa.R.R.) ..	...	International Nickel Pfd.....	115 119
Valley of New York (D. L. & W.).....	117 122	International Silver Pfd.....	130 135
Warren R. R. Co. (D. L. & W.).....	165 170	Kings Co. E. L. & P.....	130 135
		Otis Elevator Com.....	73 77 1/2
		Otis Elevator Pfd.....	100 103
		Phelps, Dodge & Co.....	218 224
		Pope Mfg. Com.....	28 32
		Pope Mfg. Pfd.....	71 76
		Royal Baking Powder Com.....	208 210
		Royal Baking Powder Pfd.....	108 110
		Rubber Goods Mfg. Pfd.....	104 110
		Safety Car Heating & Lighting.....	117 119
		Sen Sen Chielet.....	119 124
		Singer Manufacturing.....	282 287
		Standard Coupler Com.....	35 40
		Texas & Pacific Coal.....	97 102
		Thompson-Starrett Com.....	150 180
		Thompson-Starrett Com. (with ctf.)	175 200
		Thompson-Starrett Pfd.....	109 115
		U. S. Express.....	89 92
		U. S. Motor Com.....	2 1/2 3 1/2
		U. S. Motor Pfd.....	10 1/2 12
		Union Typewriter Com.....	41 1/2 44
		Union Typewriter 1st Pfd.....	107 1/2 110 1/2
		Union Typewriter 2d Pfd.....	106 1/2 110
		Virginian Railway.....	16 20
		Wells Fargo Express.....	136 138
		Western Pacific.....	8 9 1/2

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

Bld. Asked.	
Adams Express.....	200 205
American Brass.....	136 141
American Chicle Com.....	223 227
American Chicle Pfd.....	102 107
American Express.....	210 218
Atlantic Fruit & Steamship.....	4 6
Atlas Portland Cement Com.....	61 1/2 64 1/2
Babcock & Wilcox.....	103 ...
Borden's Condensed Milk Com.....	126 1/2 128 1/2

CURRENCY AND BANKING REFORM

AT the recent meeting of the Connecticut Bankers' Association at New London, Hosea Mann, cashier of the Torrington (Ct.), National Bank, criticised the National Reserve Association plan, and made these suggestions:

I would suggest the correction of what seems a glaring defect in the National banking law, which I will describe as "pyramiding reserves," permitting a bank to count as part of its reserve a deposit in another bank which in turn deposits part of that reserve deposit in still another bank.

For instance, a Connecticut national bank must have \$15,000 reserve for each \$100,000 deposits, \$6000 of which must be cash in vault and balance of \$9,000 may be deposited in Boston, Philadelphia, Albany or any other reserve city. Banks in those cities would keep one-fourth of this as a reserve, or \$2,250, but one-half of such reserve it can deposit in New York, which leaves but \$1,125 in cash. Of the

\$1,125 it deposits in New York such New York bank must keep one-fourth or \$281.25 cash, making a total of only \$7,406.25 actual cash kept against every \$100,000 deposits.

A better plan than this would be to require banks to keep even only ten per cent. reserve, but to keep that in cash in vault, which would give \$10,000 cash, where only \$7,406.25 exists now, and no city bank could then be placed in jeopardy because of a sudden call for this reserve.

When 25,000 or more banks can suddenly call on New York, Chicago or St. Louis currency for the reserve deposited in these cities, what else but trouble of a serious kind can we expect at any time?

New York bankers are entitled to great credit for the way they handled the situation in 1907. But why should they continue subject to such needless strain that could be so easily avoided?

THE RADIUM STANDARD AND THE COST OF LIVING

W. J. Lampton, in "New York Sun"

CERTAIN economic experts who are supposed to know what they are talking about are circulating statements through the public prints to the effect that the excessive cost of living, which has become a public menace and a private pinch, is due to the superabundance of gold—the overproduction of the gold mines of the world. Granting this to be true, why should the overproduction of gold have this disagreeable effect when everybody is doing his strenuous utmost to overproduce everything else to exchange it for gold? The answer is easy. Listen:

Gold is the accepted standard of values, that is to say when we mention the cost of any commodity in dollars and cents it means so many dollars and cents in gold. As long as gold was not overproduced its character as a standard remained unchanged and for a specified amount of it, let us say one dollar's worth, we, the people, the consumers, could get a bushel of wheat, or a bag of corn or a sack of potatoes, or a day's labor, or ten pounds of beef, or 16 pounds of sugar, or 50 pounds of flour, or two days' rent, or 12 quarts of milk, or enough eggs to feed the cat or any one, or more of a whole lot of necessities. You see, there was just enough gold produced to make these varying commodities balance and the producers of them were quite satisfied to exchange them on that basis.

Presently, however, we began to raise more gold, everybody being so anxious to have a little handy for emergencies that all who could get away from home went digging for it and the inevitable result followed, as inevitable results invariably do. Those who still produced wheat and corn and house rent and flour and labor and so forth demanded more gold in exchange than when it was scarcer and more valuable. They are still at it and the condition has not only existed for some time but is likely to continue as

long as the gold supply is abundant. Nor is there anything in sight which leads to the conclusion that this abundance will be abated. Any one can buy large quantities of gold mining stock in Wall Street any day at a discount with a guarantee that the mines are turning the precious metal out by the carload or will do so very soon. The final outcome will be that ere long we shall have all the food products done up in tabloid form, as gold coins now are, and they will be exchanged for gold by the sack, barrel, bushel or pound as may be. Thus there will result a compulsory change of the standard of values and gold will drop into the commodity class.

But we cannot eat gold, and the standard of value cannot be sacrificed to satisfy the cravings of hunger. Therefore a new standard must be adopted. What shall that standard be? The unhesitating reply is radium. That alone can save us from financial and physical bankruptcy. The present value of radium is in round numbers about \$2,000,000 an ounce. It may vary a few cents one way or the other, but two millions flat is near enough for the sake of argument. Now, with radium as a standard relief looms at once upon the sight of the suffering consumers. The food tabloid which before was given in exchange for a sack of gold or a wagon load or a barrel as the purchaser's needs were, will secure no such quantity of the new standard. In fact, a whole trainload of wheat wouldn't bring more than enough radium to cover the head of a pin, and the amount of it required to buy a dozen eggs or a bushel of potatoes would have to be searched for in the customers' pockets with a microscope. Thus shall we return to the good old times when a pint of whisky was worth a dime and a good farm wasn't worth anything to speak of.

The new coinage might be of iron,

the cheapest of metals, but in each coin would be enough radium to establish an intrinsic, negotiable value. Not much, perhaps, in a cent, and not a great deal in a twenty-dollar piece, but there just the same, like the travelling man's overcoat in his expense account. In this way these iron coins would be spared the curse of being fiat money. They would even be superior to Uncle Sam's powerful promise to pay which is behind our present paper money, but which foreign financiers cannot see as clearly as we can. There would be only a few pounds of radium in our entire circulation—about one hundred pounds, to be exact—but it would be worth quite as much in exchange as five thousands tons of gold now are, calculating gold at \$640,000 a ton, and a whole lot more if gold should grow more plentiful and less valuable, as we are told it is now doing. When a man can exchange a bit of radium that wouldn't cover a pinhead for a month's

rent, times are bound to improve. In any event it will not be as hard work for him to carry it to the landlord as it now is to lug up enough gold to satisfy that greedy individual for a month's shelter.

Comparatively speaking, we can to-day for an ounce of gold, say \$20, get ten days' labor, which in return may be exchanged for a month's rent or three barrels of flour or twenty bushels of wheat or a suit of clothes or other articles of necessary consumption. So much for the ounce of gold. With an ounce of radium, just think of the house rent and flour and clothes and pie and automobiles and diamonds and eggs and butter every poor man could have! Then indeed would we have an era of prosperity and a season of radio-activity hitherto unknown in the annals of industrial history, and the once oppressed consumer would blossom as the green bay hoss. Gold? Bah! Bring on the radium!

BANKING PUBLICITY

Conducted by T. D. MacGregor

ADVERTISING LEMONS

A WESTERN BANKER SQUEEZES THE JUICE OUT OF SOME OF THEM

AT a recent bankers' convention, Mr. R. L. Gurney, manager of the Savings Department of the Commonwealth Trust Company, St. Louis, Mo., gave an illustrated lecture on bank advertising, during the course of which he called attention to various "advertising lemons" which are offered to bankers from time to time.

He said that carefully examining propositions before executing contracts would convince bankers that for checking, savings, investment, trust and real estate business, the exclusive use of their local newspapers would prove most effective. Also that to secure ac-

counts from other financial institutions, a permanent advertisement should be carried in the legitimate, well-known and established financial journals. He told the bankers that the Commonwealth Trust Company prepared a different advertisement every day in the year except Sunday. In suggesting how they might prepare advertising, he declared "the first step, and it is one of paramount importance, is to decide to spend your money buying newspaper space only, and while it will be found difficult to adhere rigidly to this decision, it will pay well to do so."

"In soliciting checking and savings

**Safety
Deposit
Boxes**

25c

per month

**Rent one and protect
your valuables for the
summer.**

THE
Rittenhouse Trust Co.

1323 Walnut Street
Philadelphia's Most Modern Vaults

FEATURING LOW PRICE

accounts," he continued, "you direct your appeal to all classes, and there is no way to so effectively direct it as through the columns of your local newspapers. The second step in doing the advertising for your bank is to provide yourself with the necessary equipment. You must have, so to speak, a kit of tools, and that is: Four eyes, four ears, pot of paste, long shears, vest-pocket memorandum book, blue pencil, dictionary, book of synonyms, book of antonyms, scrap-book, Two of the eyes and ears belong to yourself, or to the one to whom you delegate this work, and the other pair to your teller, and the habit quickly developed of observing and listening to things all about you will prove a constant surprise and delight. Try hard not to use many words. The fewer the better. Hence after you write your advertisements, boil them down. Then boil them down again and cut out more words—especially long ones, used for effect only. Select short, strong words. Words of snap and action, which will make your advertisements fairly burn their message into the mind of the reader. This

can only be accomplished by writing them over and over again. Make one clear point, for it is a fatal mistake to attempt to cover the whole field of banking every time. An advertisement containing many points makes no definite impressions of the service you can render to prospective depositors. Saying but one thing and in a few words will not require much type, thus leaving plenty of white space around your advertisement, which makes it stand out prominently and attract attention more quickly than when the space is entirely filled up with type."



GOOD CIRCULAR LETTERS

CASHIER GEORGE J. SCHALLER of the Citizens National Bank of Storm Lake, Iowa, sends us samples of fac-simile typewritten letters sent to a selected list. Following are four of them:—

DEAR SIR:

We at this time invite you to become a depositor of this bank. We know you will find it a great convenience to carry a checking account with this bank and pay all bills by check.

In our savings department you can deposit any amount at any time, withdraw all or part at any time, and all sums undisturbed for a period of six months will draw interest at the rate of four per cent. per annum.

We intend that every transaction shall be so satisfactory to our customers that it may become a real pleasure for them to extend us their patronage, and we will be pleased to enter your name as one of our depositors.

Yours truly, etc.

Dear Sir:

Nearly ten years ago the firm of Schaller & Son opened the Citizens Bank of Storm Lake, confident in the belief that good service would bring good business. Our expectations have been more than realized in the constant growth and in the volume of business done, and believing that the financial needs of the community can be better served and that this bank can enter a larger field, the Citizens Bank on July 1, 1911, will be organized as a national bank and will hereafter be known as the Citizens National Bank.

We would like very much at this time to enter your name as one of our depositors

and assure you of every courtesy and accommodation consistent with good banking.

There will be no change in the managing officers or in the methods used to build the present bank, and as in the past, the bank will remain a "Home Institution," as not one dollar of its stock will be owned outside of this community.

In addition to our officers, we call your attention to our list of directors, and believe that you will concede them to be among our safest and most conservative men, any one of whom will be pleased to consult with you concerning any banking business you may have.

We intend that every transaction shall be so satisfactory to our customers that it will be a pleasure for them to extend us their patronage, and we would very much like to demonstrate this to you at this time.

With best wishes, I remain,
Yours truly, etc.

Dear Sir:

As a customer of this bank, you are, of course, interested in its welfare, and for that reason I am taking the liberty of writing you this letter. The policy of the management of this institution has always been one of friendly interest and personal service to its customer.

You are no doubt familiar with the history of the owners and directors of this bank, dating back for more than a generation in this community, during which time we have all, both stockholders and customers, labored together for the upbuilding of Storm Lake and the surrounding territory. We, to-day, have a bank, strictly "A Home Institution," every dollar of its stock being owned in Storm Lake and its loans made entirely to local borrowers for the upbuilding, advancement and improvement of this section.

We are endeavoring to give our customers a service that is in every way satisfactory to them—coupled with absolute safety. It is the endeavor of every officer and employee to see that the requirements of every customer are properly cared for and should anything unpleasant ever occur, I will esteem it a personal favor if you report to me, for otherwise I might never hear of it.

If you have a friend who desires to open a bank account or possibly change his present one, whether it be large or small, checking or savings, I hope you will have him come to us. Your kindness in this respect will be doubled—you will confer a favor both upon your friend and us. If each customer were to bring us one or more new accounts, just think what an increased business it would mean.

May I not expect your hearty co-operation in accordance with the above, which we promise to merit and to appreciate?

Very truly yours, etc.



CORNER FIFTH AVE. & WOOD ST.

THIS bank maintains a complete Foreign Department in which every facility is provided that can be of value to customers. Clerks speaking all languages are constantly in attendance to receive deposits, issue drafts, letters of credit, and steamship tickets and to furnish any information of interest to foreign residents.

THE FIRST NATIONAL BANK
OF PITTSBURGH
THE OLDEST NATIONAL BANK
IN WESTERN PENNSYLVANIA

COMMANDING TYPOGRAPHY

DEAR SIR:

We wish to call your attention once more to the advantage of dealing with the Citizens National Bank. In the first place the policy of the management of this bank has always been one of friendly interest and personal service to its customers.

You are no doubt familiar with the history of the owners and directors of this bank, dating back for more than a generation in this community, during which time

we have all, both yourselves and ourselves, labored together for the upbuilding of Storm Lake and the surrounding territory. We to-day have a bank strictly "A Home Institution," every dollar of its stock being owned in Storm Lake and its loans made entirely to local borrowers for the upbuilding, advancement and improvement of this section.

We are endeavoring to give our customers a service that is in every way satisfactory to them—coupled with absolute safety, and it is our pleasure to extend you our banking facilities, and if you are not now doing any business with us, we would like you to consider at this time the matter of opening an account here. If any of your friends desire to open a bank account or borrow money, we will appreciate it if you will send them to us.

May we not expect your co-operation in accordance with the above, which we promise to merit and appreciate.

Yours truly, etc.



A FINANCIAL ADVERTISING CLUB

A New York Advertising Manager
Suggests It

MR. B. P. GOODEN, advertising manager of the New Netherland Bank, New York, writes us as follows:

In a recent number of your valuable magazine appeared an able article "Why Banks Should Advertise", by Mr. F. W.

Ellsworth of the Guaranty Trust Company, New York. To those of us who are firm believers in the results of bank advertising the article makes a strong appeal.

The banks of this country are waking up to the advantages to be gained from the right kind of advertising. Here in New York the annual outlay, or rather investment, by the banks in advertising will total many thousands of dollars. Such being the case, is it not time for us to form Financial Advertising Clubs in various cities? The value to be derived from such a club is obvious.

A coming together of men interested in this phase of their bank's business, where the relative merits of different kinds of advertising might be freely discussed, would surely benefit both the individuals and the institutions, which they would represent. By so doing much money which is now practically wasted because of misdirected and useless advertising could be made productive of satisfactory results. Instead of much space being used for the bank's name, list of officers, directors, etc., the same space could be used to educate the public along the lines suggested by Mr. Ellsworth, at the same time each bank could lay before the public the particular features of its service.

The time has passed when the age or name of any business or institution can be relied upon for future success. Every line of business is now competitive and progressive; therefore, it is time for financial institutions to revolutionize their advertising. Toward this end, nothing, in my estimation, could be more effective than the formation of Financial Advertising Clubs.



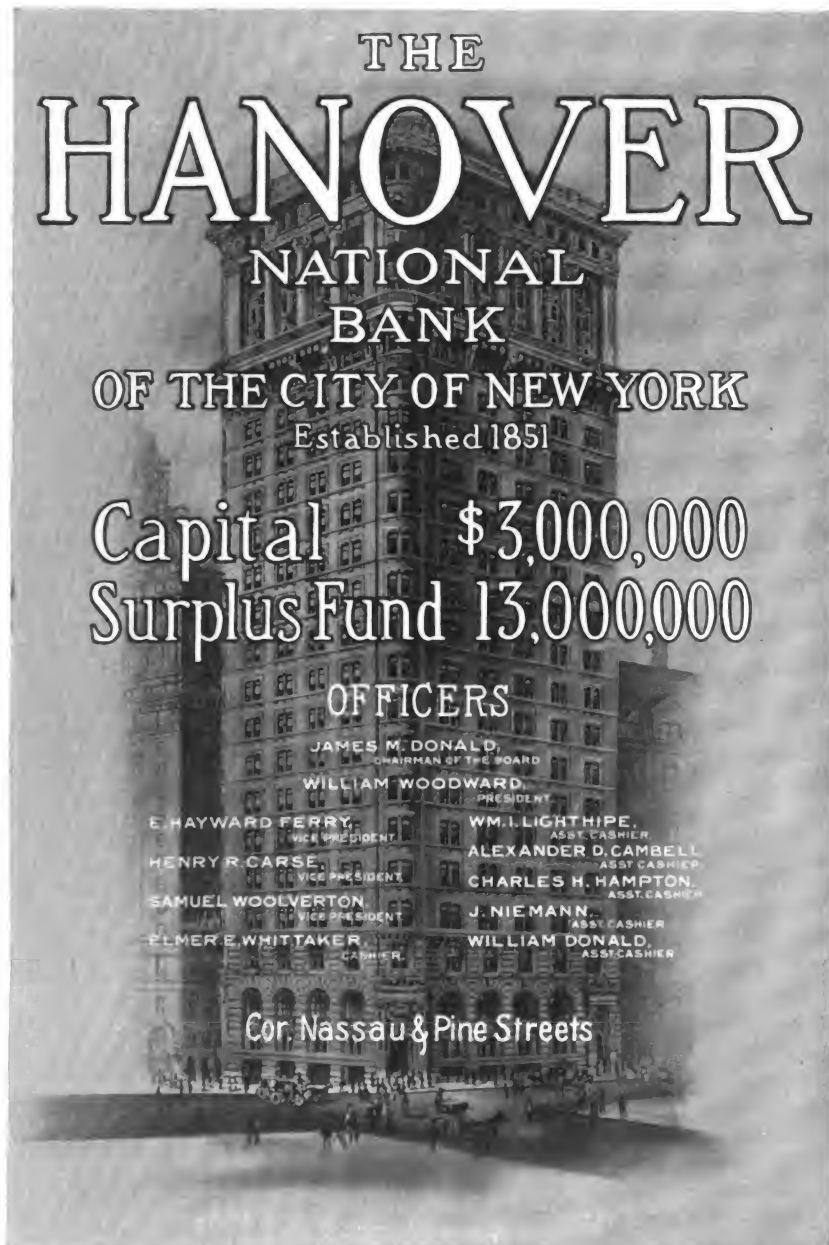
HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Advertising

THE Title Guarantee & Trust Company, of New York, to advertise its four and one-half per cent. guaranteed first mortgage certificates, has secured the privilege of furnishing pay envelopes to some of the large breweries, piano manufactories and other industrial concerns. Of course, the outside of the envelope bears a thrift talk and advertising matter of the bank. In some cases, permission is given to enclose a post card to be filled out and mailed for further information. Most concerns are glad to have a good institution urge their employees to save, as they believe that a thrifty

worker is better than an improvident one.

Mr. Horace Anderson, assistant secretary and advertising manager of this company, has a good system of filing copy for future use. He always has at least half a dozen proofs of every advertisement set up. One set he has pasted in a scrap-book and numbered. The other proofs of this advertisement are kept in an envelope, filed by number to correspond with the specimen in the scrap-book. Thus Mr. Anderson can instantly lay his hand on a proof to use in making up copy for any special medium as the occasion arises.



THE
HANOVER
NATIONAL
BANK
OF THE CITY OF NEW YORK
Established 1851

Capital \$3,000,000
Surplus Fund 13,000,000

OFFICERS

JAMES M. DONALD, CHAIRMAN OF THE BOARD	WM. I. LIGHTHIPE, ASST. CASHIER
WILLIAM WOODWARD, PRESIDENT	ALEXANDER D. CAMPBELL, ASST. CASHIER
E. HAYWARD FERRY, VICE PRESIDENT	CHARLES H. HAMPTON, ASST. CASHIER
HENRY R. CARSE, VICE PRESIDENT	J. NIEMANN, ASST. CASHIER
SAMUEL WOOLVERTON, VICE PRESIDENT	WILLIAM DONALD, ASST. CASHIER
ELMER E. WHITTAKER, CASHIER	

Cor. Nassau & Pine Streets

IMPRESSIVE

The Omaha National Bank sends out a post card, furnished by the Publicity Bureau of the Commercial Club of Omaha to boom the city. The only advertising matter of the bank is a red arrow pointing out the location of

the bank's building in the center of a bird's-eye view of Omaha.

"To-day and To-morrow" is the title of a booklet on one trust feature is-



A new electric sign just erected at Union Station, Pittsburgh, for the oldest National bank in Western Pennsylvania, and one of the largest in Pittsburgh. Outdoor advertising, it may be mentioned, has been extensively used for years in Pittsburgh by nearly all the prominent banks and trust companies. This First National Bank display, while not elaborate, is decidedly effective. The shield is studded with red, white and blue lamps. The name is likewise in lamps. All the lettering is white against a blue ground, with a yellow border. The sign is 12 feet high and 44 feet long.

sued by the Union Trust & Savings Bank of Spokane, Wash. It has to do with wills and the management of estates. In subject matter and typography, it would be hard to beat.

The Fargo (N. D.) National Bank celebrated the completion of its new building by issuing an interesting booklet, describing the building and giving the strong points of the bank's service.

Another good booklet received is that of the Sedalia (Mo.) Trust Company. It contains a lot of meat, but we think that both this booklet and the one previously mentioned would be improved by having an interesting title rather than just having the name of the institution on the front cover.

"Stability" and "service" are well emphasized on a statement folder issued by the National Bank of Smithtown Branch, L. I., N. Y.

The Citizens Savings and Trust Company of Cleveland, O., is one of

the most patient advertisers on "following up" we know of. We know for a fact that a person who sent the bank an inquiry about banking by mail four years ago is still receiving form letters, forwarded from an address where he has not been living for three years. The copy of this letter is as follows:

In choosing a bank for your savings, you naturally wish to select an institution that pays not only a liberal rate of interest, but one which is also as sound and secure as large capital and surplus, conservative management and strict banking laws can make it.

In our former correspondence we have demonstrated the advantages of our system of "Banking by Mail," and we now take pleasure in setting forth briefly why the Citizens Savings and Trust Company enjoys the full confidence of the country at large:

First: It is one of the strongest financial institutions in the United States and is the oldest and largest trust company in the State of Ohio.

Second: Its capital and surplus, which stands as security to depositors, amounts to over six and one-half million dollars, while its total resources exceed fifty million dollars.

Third: It has conducted a successful savings bank business for forty-four years and its board of directors consists of representative Cleveland citizens, whose integrity and financial standing are unquestioned.

Any amount down to one dollar will open an account drawing four per cent. interest, compounded twice a year. Send your deposit by money order, draft or check, made payable to the Citizens Savings and Trust Company. You will immediately receive a pass book showing the amount deposited to your credit.

Yours very truly, etc.

The National Nassau Bank, one of the busiest banks in New York city, gives out a terra cotta wall plaque or medallion, bearing the bust of William II. of Nassau, from whom Nassau street, and thus indirectly the bank itself, takes their names. This interesting historical account accompanies the plaque:

In olden days Nassau Street had a much homelier and longer name. A certain old Dutch woman opened a pie shop somewhere along its length and her pies won so much local fame that the thoroughfare on which she lived was called "The Street That Leads by the Pye-Woman's."

It was not much of a street in those days, and wheeled traffic could not well go through it. For in 1696 one Captain De Kag begged that a wagon road be constructed, leading out of Broad street to the street leads by the pye-woman's, leading to the commons of the city.

(The "Commons of the City" was the district part of which is now covered by City Hall Park.)

William, Prince of Nassau, of the house of Orange, was a bright figure in European politics at the time when a shorter and more suitable name was sought for the newly improved street that passed the pye-woman's door.

Moreover, the Prince of Nassau was a Dutchman. And the Dutch were still a large proportion of New York's population. So the thoroughfare was named Nassau street.

The Guaranty Trust & Savings Bank of Jacksonville, Fla., offers cash prizes for the best designs for the front cover of "Progress," its monthly house organ. Our criticism of this contest is that it interests only the comparatively few people who have artistic ability. An essay writing contest would interest more persons, because everybody can, or thinks he can, write.

"Safety" is the title of a savings booklet of the Boise City (Ida.) National Bank, and its cover, with the title the most prominent thing on it, more nearly meets our idea of what a bank booklet cover should be than the two booklets referred to in earlier paragraphs above.

Still another booklet along proper lines is that of the New Netherland Bank of New York, entitled "Your Requirements and the New Netherland Bank." Mr. B. P. Gooden, advertising manager of this bank, also sends us a number of printed envelope enclosures, about which he writes:

I wish to call your attention to the enclosed printed slips. Acting on the principle that "A Satisfied Customer is our Best Advertisement," we enclose one of these slips in a sealed and addressed envelope, and send them to our depositors monthly along with cancelled checks. This seems to have produced very good results, and is inexpensive.

The copy on a few of these slips is as follows:

As the season is near at hand when many people will be making definite plans for extended pleasure and vacation trips through this country and abroad, we desire to call special attention to the service we render in our Foreign Exchange Department. We issue travelers' cheques and letters of credit enabling travelers to supply themselves with funds in all the principal cities of the United States and foreign countries without the risk of carrying the actual cash.

Safety, convenience and economy are assured by this plan.

In every detail of its service the New Netherland Bank aims always to meet satisfactorily the individual requirements of its depositors. You are cordially invited to call and consult with our officers regarding your financial affairs, thus assuring the most efficient co-operation and direct personal service at all times. Uniform courtesy is invariably extended to the patrons of this institution.

As we can often serve our patrons in some special way that is particularly valuable to them in their individual business or financial transactions, we invite depositors to consult with us freely, as it is in this way that they will receive the fullest benefit from their banking connection with the New Netherland Bank. To render a service that furthers the best interest of our patrons is the principle upon which this institution is conducted.

The Escanaba (Mich.) National Bank, in the lumber region, prints its statement on a piece of genuine birch bark.

Mr. George R. Martin, publicity manager of the Seattle National Bank, sends us a copy of the Seattle Bank Trade and Crop Bulletin, which is published by this bank in May and October every year and sent to the bankers and large wholesale and jobbing houses of the country. It is a very valuable publication and we are pleased to note that it is rather optimistic in its tone. This is rather expensive advertising, but we believe it pays.

There are not a few banks that for one reason or another do not care to make a special appeal for commercial accounts through advertising.

This space has been reserved for Tuesday and Friday by the Calvert Bank to inform the readers of The American of the advantages of saving, and to enable those who are not already customers to become better acquainted with the Bank.

Calvert Bank

(IN THE SHOPPING DISTRICT)

3½ Per Cent. Interest Paid on Deposits in Savings Department.

Save when you are well and prosperous, and
you will have money when sickness or misfortune
overtakes you.

WE WELCOME SMALL DEPOSITS

This space has been reserved for Tuesday and Friday by the Calvert Bank to inform the readers of The American of the advantages of saving, and to enable those who are not already customers to become better acquainted with the Bank.

Calvert Bank

(IN THE SHOPPING DISTRICT)

Recognizing the magnitude to which the patronage of ladies in banking institutions has grown, and the need of suitable accommodations, a special room and window have been provided for their exclusive use.

The bank is located in the shopping district and is convenient to all car lines. The officers will continue to make a careful study of the wishes of ladies in order that every convenience may be provided for them.

WE WELCOME SMALL DEPOSITS

This space has been reserved for Tuesday and Friday by the Calvert Bank to inform the readers of The American of the advantages of saving, and to enable those who are not already customers to become better acquainted with the Bank.

Calvert Bank

(IN THE SHOPPING DISTRICT)

**By Special Act of the General Assembly of Maryland is a
Lawful Depository for any
Trustee, Receiver, Guardian,
Executor or Administrator,
Committee Agent, Public Officer or Fiduciary.**

WE WELCOME SMALL DEPOSITS

This space has been reserved for Tuesday and Friday by the Calvert Bank to inform the readers of The American of the advantages of saving, and to enable those who are not already customers to become better acquainted with the Bank.

Calvert Bank

(IN THE SHOPPING DISTRICT)

Our Burglar and Fire Proof Vault

is constructed of Brooklyn Chrome Steel and equipped with the most modern devices for safety.

The Vault is open daily from 9 A. M. to 4 P. M.

Safe Deposit Boxes

From \$3 Per Year Upward

Our \$3.00 box is large enough to hold more than 30 papers, such as bonds, deeds and insurance policies.

WE WELCOME SMALL DEPOSITS

PART OF A SUCCESSFUL NEWSPAPER CAMPAIGN

Some bankers hesitate because they feel that a bank making a campaign of that nature would first need to put itself in condition to increase its loans very materially, on the assumption that a great deal of the new business coming to it, especially from another bank, would be borrowing accounts.

In the case of country banks, there is often comparatively little commercial banking business to solicit. W. R. Dysart, assistant cashier of the First National Bank, Ripon, Wis. (population, 3,800), says:—

We have not been very successful in increasing *checking* accounts by our advertis-

ing. In fact, in this farming community we have \$900,000 deposits, only \$175,000 of which is in checking accounts, the rest being certificates of deposit and savings, mostly the former.

Charles W. Bailey, cashier of the First National Bank of Clarksville, Tenn. (population 9,000), expresses this view:—

Our advertising has been of a general nature, and where we have run a series of advertisements they have been particularly for the purpose of attracting personal accounts. In a city of this size it is possible to come into daily personal contact with most of the commercial accounts, and for this reason we have not thought it advisable to direct our advertising through that channel. Our

community is pre-eminently an agricultural one, and it is the personal accounts that are most worth having.

From across the Canadian border comes a similar report. C. W. Rowley, manager of The Canadian Bank of Commerce, Winnipeg, Man., says:—

Advertising for commercial bank accounts is not indulged in to any great extent in Canada. About the only class of advertising done here is with the view of obtaining savings bank deposits and the issue and sale of travellers' cheques, money orders, etc., in which it has had very beneficial results.

Advertising agents handling the accounts of big banks do not seem to be able to state definitely just what the dollar and cents result of commercial bank advertising is. One of them says:—

It is very hard indeed for us to get an exact data on results from our clients. In the first place, many of them do not keep close tab on the results and have nothing but general information. In the second place, some banks are unwilling to say too much to us in regard to results obtained, because they are not always generous about giving us credit for what we accomplish.

Referring to the big campaign recently conducted by the National Shawmut Bank in Boston newspapers, the Boston News Bureau says:—

As near as we can make out the Shawmut Bank has received very good results from this campaign, but it is impossible to give you any figures or any other information, as they have not given us any facts.

Major P. F. O'Keefe, of the P. F. O'Keefe Advertising Agency, speaking of the campaign of another big Boston bank, the First National, says:—

The First National people, while they are doing the largest business in their history, like most banks, are in the position that they do not know whether or not any results come from advertising. It is impossible, therefore, for me to give any information along those lines. However, the copy used has created quite a favorable impression among banks throughout the country.

Advertising, especially financial advertising, is by no means a fixed science. You cannot take certain copy or certain mediums and always be sure of the same results; neither can you take certain results and say that they

came entirely from the use of this or that medium or copy.

Bankers find that it is comparatively easy to keep tabs on results from advertising for savings accounts, certificates of deposit and for safe deposit investment, and fiduciary business. It is only when they try to put their fingers on new commercial bank business—the accounts of merchants, manufacturers and the big borrowers generally—that *directly* traceable results are conspicuous by their absence in many cases, although practically every banker believes that advertising pays in the long run.

We would be glad to publish the opinions of others on this subject.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Windsor Trust Company, New York City.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
W. O. Boozer, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

A. A. Eklirch, secretary, North Side Savings Bank, New York City.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

Farmers & Mechanics Trust Company, West Chester, Pa.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

C. W. Beerbower, National Exchange Bank, Roanoke, Va.

B. P. Gooden, adv. mgr., New Netherland Bank, New York.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.

C. E. Auracher, The Bank Advertiser, Cedar Rapids, Iowa.

Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

Germantown Ave. Bank, Philadelphia, Pa.

Frank K. Houston, assistant cashier, First National Bank, Nashville, Tenn.

B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.

A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.

J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.

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Advertising Manager.

The City National Bank, Sulphur Springs, Texas.

BOOK REVIEWS

BANKING REFORM. By J. Laurence Laughlin. Chicago: National Citizens League. (Price, \$2.50.)

While the apparent bias of this work in favor of the proposed central bank plan, commonly called the National Reserve Association, will somewhat impair its purely scientific value in discussing our banking problems, it does not at all render the work any the less valuable in considering many phases of those problems. Indeed, Professor Laughlin has set forth with great care and accuracy many of the admitted faults of our banking system and has shown why reform is desirable. The

discussion of banking reform in this volume is very full and valuable, and a careful reading of it can hardly fail to contribute to a clearer understanding of the subject.

MOORHEAD'S FINANCIAL REGISTER. Pittsburgh: Moorhead Publishing Co (Price, \$2.00.)

Gives in compact and handy form information about the banks of Pittsburgh, showing names, capital, surplus and profits, deposits, total resources and dividends; also officers, directors, correspondents, etc.

COMING BANKERS' CONVENTIONS, 1912

Wyoming, Cheyenne, August 7, 8.
American Institute of Banking, Salt Lake City, Utah, August 21, 22, 23.

Arizona, Tucson, October 18, 19.

American Bankers' Association, Detroit, Mich., week of September 9.
Illinois, Peoria, September 23, 26.

BANKING AND FINANCIAL MISCELLANY

—Captain Gardner of the National Salvage Association, has left London for Amsterdam to renew the efforts to salve the treasure which lies in the wreck of the *Lutine*, a 36-gun frigate, which was captured from the French in Nelson's days and the siege of Toulon. She went down off the Vlie Island, at the mouth of the Zuyder Zee, on Oct. 10, 1799, only two of her crew being saved.

In the hold of the *Lutine* was a sum of £1,200,000 in Spanish coin, and as the vessel is only some 45 feet down from the surface, many determined efforts have been made to salve this fortune. In 1801, and again in 1859, they were attended with some success, £108,000 in all being recovered on these occasions. Since then the currents in the sea have changed, and huge deposits of sand have gradually settled over the wreck. A couple of years ago she was covered with a sand deposit to a depth of 20 feet. This sand, owing to the weight of the water upon it, is as hard as a brick, and it was found impossible to remove it with the old appliances.

In November, 1910, however, the National Salvage Association started operations with improved machinery, and during the following year shifted considerably over 600,000 tons of sand, leaving the decks of the vessels clear. Subsequently they recovered various cannon, anchors, and a few coins, and they anticipate that since then very little fresh sand will have settled on the vessel. The gold is lying in the hold. It is believed that the sea will within the next two months, be made to disgorge this million pounds, which it has kept to itself for the past 113 years. The enterprise is being financed by Lloyds, who have, since the date of the wreck, been responsible for the various efforts made to recover the hoard.

—Foreign gold coins in recent years have not had a legal tender status in Venezuela, but their circulation as

merchandise has been permitted, and they have been used rather extensively by tradesmen in settling balances among themselves. The rates at which they have been received and paid out correspond quite closely to the bullion value of the pure gold contained. Recently the Government of Venezuela issued a decree which in addition to fixing the values of foreign gold coins found in circulation in the country, goes a step further in stating that public offices must receive and pay out these coins at the fixed rates and prescribes penalties for non-compliance with the decree. Nothing is prescribed as to offering or acceptance between individuals, but no other rates than those officially prescribed can be practicable.

—The Palazzo San Giorgio on the Plazzo Caricamento, Genoa, Italy, has played an important role in the history of banking. It was built in 1260 by order of Guglielmo Boccanegro, captain of the Republic of Genoa, and after serving as his residence was the headquarters of the celebrated company and Bank of St. George.

Our modern system of banking sprang from this historic edifice and the *Societa delle Compere di San Giorgio* of that city was the first limited liability company.

—A stock broker whose mind was always full of business was asked a few days ago how old his father was. "Well," said he abstractly, "he's quoted at 80, but there is every prospect that he will reach par and possibly be at a premium."—New Orleans Times-Democrat.

—A Memphis character, well known about town as brilliant but boozy, was persistent in his application for loans and extremely careless about repaying them.

Several years ago, this man had induced a local bank to loan him \$40 and had given his note therefor.

At the end of each three months he invariably appeared and asked that the note be renewed; and, as there was nothing else to do, the bank always renewed it.

One day he went into the bank and said to the cashier:

"I'd like to renew that paper of mine you have here."

"Certainly," replied the cashier, "I'll fix it up for you."

The cashier made the proper preparations for the renewal; and as he was fixing up the paper he said:

"Say, the directors were talking about this paper of yours the other day. They decided they wouldn't charge you interest on it any longer."

"That's very considerate of them," was the reply. "I am glad to hear it. I am under obligations to them."

"No," continued the cashier, "we're not going to charge you interest, we're going to charge you storage!"—Saturday Evening Post.

—The new Chinese Republic dollars will, it is understood, bear two lions and the Chinese characters for "one dollar" on one side, and on the reverse the characters "current money," "Chinese Republic," with a wreath of flowers. The Peking Daily News says that a sample coin has been approved by Yuan Shih-kai, and minting will begin at once.

—Nothing in the public life of Dr. Harvey W. Wiley has justified absolute confidence in his infallibility in the matter of the proper methods of dealing with children. In fact, he has started on a career in that line rather late in life.

So that, while there will be a mild interest in the famous food and drug expert's notions on such matters, those notions will not be accepted as absolute authority.

At the same time, one line of conduct adopted by the happy and mature father of Harvey W., Jr., is worthy of all praise and general imitation. The child was not a day old when the Doctor opened a bank account for him

and bought him two shares in a building association.

In the natural course of events, if the young fellow shall live to be 21, he will have a snug little sum in the bank and the means for buying or building a home.

With whatever food concoctions the father may experiment in the development of his boy, and regardless of the varieties of drugs to be administered, that bank account and those building association shares will prove a valuable legacy.—Chicago Daily Journal.

—English banking is traced back to the dealings in money by the London goldsmiths. The Bank of England was founded in 1694 and came into existence, as did many of the continental banks, through a loan to the Government. The loan, which was \$6,000,000, was subscribed in a little more than ten days. In a pamphlet which Michael Godfrey, deputy governor of the bank, wrote he deprecated a possibility that some foresaw "lest it should hereafter join with the prince (William III.) to make him absolute and so render Parliament useless."

The first working force of the Bank of England consisted of 44 assistants. Established in the beginning to advance a Government loan, the management of the British national debt has been confided to the Bank of England from the date of its foundation. The interest on the stock in which the debt is inscribed has been defrayed by the bank. The position of being banker to the Government and the monopoly granted to it of being the only joint stock bank allowed to exist in England and Wales until 1826, and other privileges, gave it a pre-eminence which it still maintains.

Bank notes in England originated in goldsmith's notes, for they received deposits of money and gave receipts for sums left them until about 1781, when books of checks were given out in place of such notes.

The Amsterdamsche Wisselbank, or exchange bank, which later became known as the Bank of Amsterdam, was

established in the city of Amsterdam in 1609. The ordinance which established this bank required that all bills of 600 guilden or more should be paid through this bank. These transfers of deposits and credits came to be known as "bank money," and the charge for making such transfers was the sole revenue of the bank. When the bank was opened it was arranged that it should have no capital of its own, it being understood that it had actually in its vaults the whole amount of specie against which the "bank money" was outstanding. Loans,

historians explain, were made despite this rule to the Dutch East India Company.

Other banks of a like nature were established in Middelburg, in Hamburg, and in Rotterdam. The Bank of Hamburg carried on its business longest and survived until 1873 when an act of the German Parliament closed it. This act decreed that Germany should possess a gold standard and thus removed those conditions of local exchange, silver coin, whose circulation had provided an ample field for operations of the bank.

INVESTMENT BANKERS' ASSOCIATION OF AMERICA

AS is quite generally known, the executive council of the American Bankers' Association recently rejected a proposal submitted by representatives of the leading investment houses of the country for the formation of an Investment Section of the American Bankers' Association.

The investment banking business has grown to such large proportions that it has been decided to have an organization of its own, and a meeting for the purpose of forming the Investment Bankers' Association of America will be held at the Waldorf-Astoria in New York at two o'clock on August 8.

Geo. B. Caldwell, chairman of the organization committee of the proposed association and manager of the bond department of the Continental and Commercial Trust and Savings Bank of Chicago, sends to THE BANKERS MAGAZINE the following copy of a preamble and constitution which will be presented at the New York meeting for adoption:

CONSTITUTION OF THE INVESTMENT BANKERS' ASSOCIATION OF AMERICA.

PREAMBLE.

In order to promote the general welfare and influence of investment banks, or bankers, likewise banking institutions operating

bond departments, and to secure uniformity of action, both in legislation and methods of handling securities, together with the practical benefits to be derived from personal acquaintance, and for the discussion of subjects of importance to the banking and commercial interests of the country, which affect the investing public, and for protection against loss by crime, or through wilful and irresponsible dealers in investment securities, and to surround the offerings of its members with greater safeguards, whereby they will enjoy the broadest markets possible, both at home and abroad, we submit the following Constitution and By-Laws for The Investment Bankers' Association of America:

CONSTITUTION.

ARTICLE I.

Section 1. This Association shall be called "The Investment Bankers' Association of America."

ARTICLE II.

Section 1. Any national or State bank, trust company, private banker, or banking firm having a paid-in capital of fifty thousand dollars, or over, and which buys and sells bonds for its own account, and which is engaged in the business of investment banking shall, upon the payment of annual dues, as hereinafter provided by the by-laws, be eligible to membership in this Association and be entitled to one delegate to the annual meetings of the Association; and any member may be expelled from this Association upon a vote of two-thirds of the Executive council.

Section 2. Branch offices not incorpo-

rated may send one delegate to the meetings of the Association upon payment of ten dollars for each delegate, but such firm shall have but one vote. Branch offices operating as a separate corporation shall pay the regular dues and enjoy the privileges of full membership.

Section 3. Each delegate representing a member shall be an officer or director or trustee of the institution represented, or a member of a banking firm, or private banker, or a manager of a department or branch office.

Section 4. Delegates shall vote in person; and no delegate shall be entitled to more than one vote.

Section 5. All votes shall be by viva voce, unless otherwise ordered, except as hereinafter provided; any delegate may demand a division of the house.

ARTICLE III.

Section 1. The administration of the affairs of this Association shall be vested in the President, two Vice-Presidents, the Secretary, the Treasurer and an Executive Council of fifteen members, each of whom shall hold the office for one year, or until their successors are chosen or appointed.

Section 2. The President shall preside at all meetings of the Association, and of the Executive Committee, countersign all certificates of membership and may appoint such committees from time to time as may be required for the conduct of the business.

Section 3. In the absence of the President, the Vice-Presidents shall perform the duties of the office of President in the order in which they are chosen.

Section 4. The Secretary shall conduct all correspondence of the Association and shall have charge of all books, correspondence and the seal of the Association; shall have charge of the membership list and issue a notice of election to membership and certify to the Treasurer a list of the membership for the payment of annual dues. The Secretary shall keep a record of all meetings of the Association, and likewise all meetings of the Executive Council, of which he shall be a member ex officio.

Section 5. The Treasurer shall receive all moneys collected by the Association and disburse the same upon authority of the Executive Council, approved by the President or Secretary. He shall send notice to the members of their annual dues upon the certification of the membership list to him by the Secretary, and shall keep a correct record of all moneys coming into his hands from all sources and report the same, and make an annual report to the Association; he shall give a bond to the Association in such sum as the Executive Council may require.

Section 6. The Executive Council shall, as soon as may be after their election, divide themselves by ballot into three classes of equal number, designated as first, second

and third classes, of which the first class shall remain in office one year, the second class two years and the third class three years and on each annual election members of the Executive Council shall be elected for a term of three years to fill the vacancies of the retiring class.

Section 7. The Executive Council shall determine the time and place of their meetings and of the regular annual meeting of the Association, and shall have power to fill all vacancies until the next annual meeting, and to adopt all necessary rules for governing the business of this Association.

Section 8. The Executive Council may be called together at any time by the Chairman thereof, at the request of three of its members, and shall be vested with full power to transact such business as may have been authorized by this Association, or as may be required in furtherance of the interests of the Association, and shall also fix the annual dues of its members and direct the disbursement of the same. Any five members shall constitute a quorum.

ARTICLE IV.

Section 1. The expenses of the Executive Council of the Association, as well as of all officers and committees in carrying out the business to be done by them, shall be provided for by annual dues of the members of the Association; provided, however, that the Executive Council shall have no authority to incur or contract, on behalf of this Association, any liability whatever beyond the amount of the annual dues and moneys especially collected.

ARTICLE V.

Section 1. Resolutions or subjects for discussion (excepting those referring to points of order or matters of courtesy) must be filed with the Secretary at least ten days before the Annual Convention, and submitted to the Executive Council at its regular meeting preceding the Convention, but any person desiring to submit any resolution or business in open convention may do so upon a two-thirds' vote of the delegates present.

ARTICLE VI.

Section 1. Any member failing to pay his dues for a period of three months, after receiving notice, shall be considered as having withdrawn from the Association, but may be reinstated upon application to the Secretary and paying all dues in arrears, with the consent of the President or Chairman of the Membership Committee.

ARTICLE VII.

Section 1. The fiscal year of this Association shall begin September first and end August thirty-first, and the Association shall meet and the annual meeting and election shall be held sixty days thereafter

for the election of officers and members of the Executive Council, and the Association may be called together at any time by order of the Executive Council.

Section 2. At all annual meetings the members of the Association may be represented by one delegate each. At these annual meetings there shall be presented for discussion such topics as will be of interest to its members, together with the reports of the officers and various standing committees.

ARTICLE VIII.

Section 1. Notice shall be given to the Executive Council of the Association at least thirty days prior to the annual meeting of any proposed amendment to the Con-

stitution or By-Laws, excepting that the Constitution may be amended at any annual meeting by a vote of two-thirds of the members present, notice of the proposed amendment having been submitted to the Secretary and by him to the Executive Council and unanimously approved by them.

ARTICLE IX.

Section 1. Immediately following the Annual Meeting, the President shall appoint the following Committees to consist of not less than three and not more than five members, viz.: Committee on Membership, Committee on Legislation, Committee on Finance, Committee on Auditing, Committee on Programme for Annual Meeting.

BANKERS' TOUR TO YELLOWSTONE PARK, SALT LAKE AND COLORADO ROCKIES VIA NEW YORK CENTRAL LINES

THE New York Central Lines announce in connection with the thirty-eighth annual convention of the American Bankers' Association to be held in Detroit September 9 to 14, a special tour to Yellowstone Park, Salt Lake and the Colorado Rockies.

This tour has been arranged on the request of a large number of bankers and friends who were on the trip to Los Angeles and through the Canadian Rockies in 1910.

The special train, known as The Red Section, will leave New York Saturday,



OLD FAITHFUL INN, YELLOWSTONE PARK

August 24, and stop at important cities throughout the State. The special will proceed direct to Yellowstone Park via Chicago and St. Paul, making the usual tour in the park, visiting Mammoth Hot Springs, The Fountain Hotel, Old Faithful Inn, Colonial Hotel, (Yellow-

Denver the special train will arrive at Detroit about 4 p. m., Sunday, September 8, in ample time for the convention.

At the close of the convention the party will leave Detroit Saturday afternoon, September 14, on the new steam-



CHEYENNE CANYON, COLORADO

stone Lake) New Canyon Hotel and Norris and Geyser Basin, leaving the park at the western gateway (Yellowstone), thence to Salt Lake City, where a brief stop will be made to visit the principal points of interest, thence over the scenic route of the Denver & Rio Grande to Glenwood Springs, through the Royal Gorge to Colorado Springs, making the usual side-trips to Manitou, Garden of the Gods, Crystal Park, etc., thence to Denver. Returning from

er, "City of Cleveland," of the Detroit and Buffalo Navigation Company, for a trip across Lake Erie, arriving at Buffalo about 8 a. m., Sunday morning, September 15, and continue by special train to New York City, arriving about 6 p. m., Sunday.

The cost of the entire trip will be \$260, and includes round-trip Pullman accommodations, all meals en route, hotel accommodations and expenses in Yellowstone Park; in fact, all expenses



GRAND CANYON, YELLOWSTONE PARK

except hotel accommodations during the convention at Detroit and stateroom in steamer from Detroit to Buffalo.

The New York Central Lines have also arranged for two other tours as follows:

"B.", The White Section. Special train will leave New York 8.30 a. m., Saturday, September 7, arriving Buffalo 6 p. m., thence by Detroit and Buffalo Navigation Company's new palatial steamer, "City of Detroit III," to Detroit, arriving 10 a. m., Sunday, September 8. The return will be made by special train direct to New York, leaving Detroit Friday midnight, September 15, arriving New York 3 p. m., Saturday, September 16.

Tour "O." The Blue Section. For the convenience of those desiring to make the round trip between New York and Detroit as quickly as possible a fast schedule has been arranged as follows: Special train to leave New York Sunday, September 8, at 5 p. m., as a section of the famous "Wolverine," arriving Detroit 7.15 a. m., next morning. Returning, special train will leave Detroit midnight, Friday, September 13, arriving New York 3 p. m., Saturday, September 14.

A handsomely illustrated itinerary covering all of these tours will be sent upon request to Mr. W. V. Lifsey, general eastern passenger agent, 1216 Broadway, New York.

VALUE OF ECONOMY

IF a man does not provide for his children, if he does not provide for all who are dependent upon him, and if he has not that vision of conditions to come and that care for the days that have not yet dawned, which we sum up in the whole idea of thrift and saving, then he has not opened his eyes to any

adequate conception of human life. We are in this world to provide not for ourselves alone, but for others, and that is the basis of economy. So that economy and everything which ministers to economy supplies the foundations of national life.—Woodrow Wilson.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

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THE first charter under the banking laws of Texas was issued in 1905 to the Union Bank and Trust Company of Houston. This company began business in a small brick building on the corner of

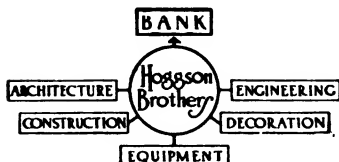
Franklin and Fannin streets, later moving into comfortable quarters at Main and Franklin, and for four and a half years the business grew rapidly, deposits increasing in that time to six million dollars.



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First National Bank Building : Chicago, Ill.

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the German Mark very nearly 24 cents? etc., etc.,

Do You Know Why

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IF YOU KNOW you will think these questions foolish.

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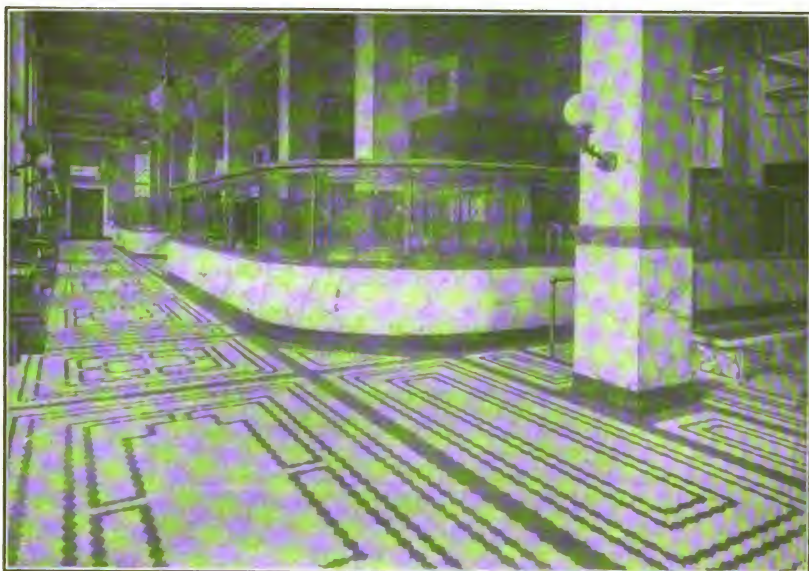
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OFFICERS OF THE UNION NATIONAL BANK, HOUSTON, TEXAS

Two years ago the founders of the company decided to enlarge the scope of business by merging into a national bank, which move was finally consummated on March 28, 1910, through an arrangement whereby the Merchants National Bank—at that time one of the old and conservative banks of

quate in every way to meet the requirements incident to continued growth and prosperity. It cost \$650,000, has a ground measurement of 76x130 feet, and was completed just one year from its beginning. Structural steel and reinforced concrete throughout render the building absolutely



PRESIDENT'S OFFICE



DIRECTORS' ROOM
UNION NATIONAL BANK, HOUSTON, TEXAS

Houston—and the Union Bank and Trust Company were merged. Under the Federal charter thus procured the name of the business was changed to that of the Union National Bank, and the capitalization increased to \$1,000,000.

The steadily increasing patronage has made spacious banking quarters necessary, and the new building recently completed on the corner of Main and Congress streets has been built for a permanent home, ade-

quate in every way to meet the requirements incident to continued growth and prosperity. The exterior is in terra cotta, pressed brick and Bedford cut stone. Marble from the quarries of Greece, mahogany from the forests of Central America and products from the best quarries of New England States were collected for the interior finishings.

The banking departments occupy the main floor and the basement, and the eleven floors above are fitted into office rooms each finished in quarter-sawn oak. There



INTERIOR OF MAIN BANKING ROOM
UNION NATIONAL BANK, HOUSTON, TEXAS

are three hundred and ninety-six office rooms, and all modern equipments and conveniences are installed throughout the building. The upper floors are reached from the vestibule entrance on the north side of the Main street front by three high-speed elevators. White marble stairways also lead from floor to floor. All hall-

ishings are mainly in bronze and marble. Ten ponderous doric columns support the ceiling, from which are hung eighteen heavy bronze chandeliers representing Greek censers, each of which is fitted with nine large electric lamps and globes of ground glass. The columns and wainscoting are of sylvan green marble.



LOBBY TO SAFE DEPOSIT DEPARTMENT



ENTRANCE TO VAULT

UNION NATIONAL BANK, HOUSTON, TEXAS

ways are wainscoted with white marble and paved with castota stone.

The massive entrance doors to the main banking room are of solid bronze, and just inside is a vestibule of plate glass and bronze. The room occupies the entire first floor, with the exception of the entrance lobby and the space taken by the great vault in the rear, and its design follows the Grecian treatment of the exterior. The fin-

All offices and compartments of the banking room are wrought from heavy hammered bronze. For the tellers' cages a unique lighting arrangement is used, whereby perfect daylight is diffused through the apartments. Opening off the lobby are apartments for the public, and the offices of the executive officials; these have furnishings of solid Honduran mahogany. Sanitary bronze and glass writing stands are

arranged through the center of the room for public use.

The vault is three stories high, extending from the basement to the top of the mezzanine floor in the main banking room. It has a ground area of thirteen by thirty feet. Entrance is gained through round doorways, which are fitted with massive steel doors—each weighing twenty tons—made of layers of tool-proof steel and equipped with quadruple timelocks. The vault is lined with one and a half inches of chilled steel armor plate, outside of which is twenty inches of concrete reinforced with twelve successive layers of tool steel bars, thus being as near fire and burglar proof as human ingenuity can make it.

LADIES' DEPARTMENT.

Every convenience has been incorporated for the comfort of patrons. A banking department especially to serve ladies is located on the main banking floor, and adjoining it is a ladies' retiring room, finished in mahogany, with upholstery and draperies of green silk. Also, in connection with the safe deposit department in the basement, is a ladies' retiring room. The furniture of this is in antique oak, with blue silk upholstery. These features for the ladies are regarded as among the most attractive of the bank's public facilities.

At the rear of the main banking room is a mezzanine floor furnished in a comfortable



INTERIOR SAFE DEPOSIT VAULT
UNION NATIONAL BANK, HOUSTON, TEXAS

The safe deposit department occupies a large portion of the basement and embraces the lower section of the great vault. Entrance is gained from the main banking room down a spacious white marble stairway which opens into a large lobby. On the west side is an entrance into the vault, where there are long rows of steel private lock-boxes. On two sides of the lobby are rows of cabinets or coupon rooms, eighteen in number; they lock from within when occupied, giving perfect secrecy, and each contains a glass table with electric lights above and below.

There is also on the same floor a second vault compartment for deposit of silverware and articles of that character, besides various rooms opening off the lobby—all set with solid mahogany furnishings—for use of the department employees and the public.

Special ventilating and heating apparatus make the basement pleasant at all times. In the rear of the basement are located the heating, ventilating and electric appliances for the building.

manner with easy chairs and couches, calculated to attract those who may desire to repair to a quiet place for business or social converse, yet not removed from the animated scene in the lobby below. Out-of-town visitors or patrons of the bank who desire to meet their friends at a convenient place, find this feature of the banking room not the least of its utilities. A large mahogany table and good light make the balcony a desirable place for either reading or writing.

Here is a short sketch of each of the present officers who have helped to make this institution famous.

J. S. Rice, president, has been a prominent lumberman in the State for many years, and made his fortune in that business. Mr. Rice first became a director in the Commercial National Bank, Houston, and later helped to organize the Union Bank and Trust Company of the same place, becoming its president in 1905. When this institution was merged with the Merchants National Bank in 1910 under the name of the Union National Bank, Mr.

Rice was elected president of the new institution. His sincere, frank and affable personality make him popular with all whom he comes in contact.

T. C. Dunn, the senior vice-president, has been in the banking business in Houston for about twenty-five years. He was vice-president of the Merchants National Bank before its merger with the Union Bank and Trust Company, and is known as one of the best credit men in the entire State of Texas. Mr. Dunn was born in Houston, and has always been eminently prominent in the banking business.

Oscar Wells, active vice-president, came to Houston from the Forth Worth National Bank, Forth Worth, Texas, several years ago to accept the cashiership of the Commercial National Bank. Shortly afterwards, he was induced, however, to accept a position with the Union National Bank, notwithstanding that considerable pressure was brought to bear, to keep him with the former institution. He is a thorough banker, a fine public speaker, and a leader in any movement toward advancing the interests of the city of Houston.

George Hamman, vice-president, is well known in the South as a banker. He has lived in Houston a great many years and is extremely popular there.

W. T. Carter, Jesse H. Jones, Abe M. Levy, C. G. Pilot, J. M. Rockwell, inactive vice-presidents, are all men of individual wealth and ability and stand high in the business community, all being connected with large enterprises.

Dewitt C. Dunn, cashier, has been in the banking business for about twelve years—having gone to work in the old T. W. House Bank of Houston, directly from school. He remained with that institution until the Union Bank and Trust Company was organized in 1905 and was elected assistant cashier of that institution, which position

he held for about two years, until he was made cashier. When the Union bank and Trust Company and the Merchants National Bank were consolidated Mr. Dunn was elected cashier of the new institution, which position he still holds.

D. W. Cooley, assistant cashier, has also been with this institution since it was first organized in 1905 and has passed through the several departments to his present position, which he fills with splendid ability. He is an exceedingly popular young man and with his natural energy and native ability is undoubtedly one of the coming bankers of the State.

H. B. Finch, assistant cashier, was formerly with the Merchants National Bank, and came over to the Union National Bank at the time of the merger. He is also a young man of splendid ability, hardworking, conscientious and extremely popular. Mr. Finch is the kind of young banker that will undoubtedly make his mark.

The statement of June 14 shows the sound condition of the bank.

RESOURCES.

Loans and discounts	\$5,252,678.47
U. S. and other bonds	344,574.03
Real estate, banking house, furniture and fixtures	941,219.28
Redemption fund with U. S. Treasurer	10,000.00
Cash and exchange	2,851,899.15
Total	\$9,400,370.93

LIABILITIES.

Capital	\$1,000,000.00
Surplus and undivided profits....	354,795.04
Circulation	200,000.00
Reserved for interest, taxes, etc.	41,526.84
Deposits:	
Individuals	\$5,952,619.97
Banks	1,851,429.98
	<u>7,804,849.95</u>
Total	\$9,400,370.93

AN EXCELLENT EXAMPLE OF MODERN BANK ARCHITECTURE

FEW better specimens of present-day bank architecture, where the structure is exclusively devoted to the institution's needs, than that afforded by the Girard Trust Company's building in Philadelphia, can be found in this country. It is the very embodiment of the stately and dignified type of bank building—a concrete exemplification of the idea that a great financial institution is entitled to a home of its own.

Circumstances sometimes make it desirable to put up a bank and office building combined; but where the conditions permit, an exclusive occupancy is preferable on many grounds.

The new building of the Girard Trust Company, which stands at the northwest corner of Broad and Chestnut streets, in the heart of Philadelphia's commercial and financial district, was completed and occupied by the company in 1908.

Not only is the building noteworthy as a fine specimen of the classical type of architecture as applied to banking, but the manner of providing for the cost of its construction deserves especial notice. It was the view of President Effingham B. Morris that the cost should be defrayed out of current profits over and above the amount of dividends received each year, while the building was in course of erection. As a



GIRARD TRUST COMPANY BUILDING, PHILADELPHIA
A PARTICULARLY FINE EXAMPLE OF MODERN BANK ARCHITECTURE



VIEW OF MAIN BANKING ROOM
GIRARD TRUST COMPANY, PHILADELPHIA



COLUMNS BETWEEN MAIN BANKING-ROOM AND TRUST AND REAL ESTATE DEPARTMENTS

GIRARD TRUST COMPANY, PHILADELPHIA

result of this policy the entire cost of the building, vaults and furnishings—\$1,541,236.26—was charged off the books by the time the building was completed.

From 1890 to 1911 the number of depositors of this company increased from 2,197 to 14,581; deposits subject to check from \$2,850,000 to \$34,723,000; trust funds, exclusive of corporate trusts, from \$13,947,000 to \$121,189,000; corporate trusts of various kinds from \$55,772,000 to \$966,815,000.

It is estimated that if the holder of ten shares of stock at the price prevailing in 1879 (about \$160 per share) had exercised

his "rights" to subscribe to increases in the capital from time to time, his book profit up to 1911 would be over \$45,000. In addition the rate of dividend has been raised during the period covered by the increases of capital from six per cent. to thirty-four per cent.

The Girard Trust Company was organized in 1835 as the Girard Beneficial Association, the title being changed in the following year to Girard Life Insurance, Annuity and Trust Company, and on July 1, 1899, the present name was substituted.

A \$25,000,000 CHECK

A VERY large check changed hands in London recently, when the Royal Mail Steam Packet Co. paid Messrs Donald Currie & Co. a Bank of England

check for £5,173,572 10s. in exchange for a certificate representing the bulk of the ordinary shares in the Union-Castle Mail Steamship Company, Ltd.

THE STORY OF A BANK

By Arthur Rodman, President Bankers Engineering Co., Chicago

UP to 1906 there were four banks in a fairly prosperous Iowa town of about 12,000 population, all doing a reasonably good business. Then it occurred to a few well-to-do farmers that there ought to be a farmers' bank, and there was no trouble in getting a capital of \$100,000 subscribed among about 160 stockholders, each of whom must be a farmer, and each sub-

scribers, and that the State bank was pretty sure to draw some of their trade, so that the only course left open for them was to outdo the other two, and accordingly they remodelled and refitted in fine style.

The "Savings Bank" in the middle of the block between two of the other banks had been running along in mediocre fashion for the past twenty years or so, gaining a little



PRESENT BUILDING OF THE MAHASKA COUNTY STATE BANK, OSKALOOSA, IA.

scription must not exceed \$1,000, it being thought that it was a case of being not only "the more the merrier, but the more the better." Many bankers do not think so.

The present writer was called upon for suggestions for remodelling an old corner building and equipping it. When this was done things commenced to happen. First, the "State Bank" woke up. The suggestions for overhauling were accepted and the bank spent about \$15,000 on the improvements. Then the "National" discovered that the "stir" caused by the new farmers' bank across the street was bound to create a lot of new business, besides attracting some of their customers to the handsome new quar-

each year and doing very well for its stockholders. But with all this excitement and "squandering of money" by its neighbors, it began to be concerned about its future. Could it hold out? Wouldn't this awakening by its now aggressive rivals put it in a gradual eclipse? What could be done to stop the very perceptible flow of business past its old-fashioned, uninviting quarters? The president and heaviest stockholder was a non-resident, making only periodical trips to the bank. He being far from a plodder, discovered very quickly the only remedy to apply, and he applied it unhesitatingly. "This bank will not be behind the others; but must be far ahead," he said. The capi-



NEW HOME OF THE MAHASKA COUNTY STATE BANK, OSKALOOSA, IA., AS IT WILL
APPEAR WHEN REMODELED

tal stock was but \$30,000. It would take practically this amount to accomplish this purpose. "All right, go ahead," was the command. The results were startling. The deposits are now about four times what they were then. Did it pay? Immensely.

PROGRESSIVE METHODS BRING BUSINESS.

What about the other banks? They forged ahead rapidly. It was a mystery where the increased deposits came from. There must have been many an old stocking emptied and the contents put to proper use. The secret hiding places yielded up their golden treasure. Many obligations were paid by check, where before the coin of the realm was passed from palm to palm. Any one who pretended to have any standing in the community had money in bank. Competition among the banks in that town became keen, and business grew at a rapid pace.

But now comes the pith of this story: The oldest bank in town had for a long time

been a private bank. They didn't go much on the new methods. They argued that a bank must maintain its dignity. They wouldn't stoop to merchandising methods to get business. It is not hard to guess what happened to that bank. They wouldn't or couldn't, or at least didn't, keep up with the procession and were finally absorbed by the "State Bank" above mentioned. The "State Bank" had spent a lot of money and thought they were fixed for life. But not so. They became the biggest bank in town. More help had been added, and now still more was needed. The clerks and officers were on each others' toes most of the time.

Something must be done. "Get a wider room," they said. But where? There was nothing small about the owner of the wider room—not even his price for it. Bankers who have tried to get adjoining space know how quickly the man who owns the extra space you need puts up his price for that space.

But a way was found and the writer was

again called in, and what may seem like an extravagance was decided upon. Every vestige of the \$15,000 improvement of six years ago is to be discarded—building alterations, elegant Italian marble and mahogany fixtures, steel lined vault, two ponderous vault doors, safe deposit boxes, etc., all to be thrown out and replaced with the best that skill and experience can devise. It will not only be “up-to-the-minute,” but it is believed it will be at least a few minutes ahead of the present, and it will pay big.

There's no denying the fact that since the popular belief is that a bank is literally made of money it must live up to its reputation or suffer accordingly. The public expect a bank to have the best of everything, and they have been educated in the last few years to a fine point of discrimination. The most desirable customers will therefore patronize the most progressive banker, for the same reason that he patronizes the most progressive merchant, or consults the most progressive lawyer. The day has gone by, never to return, when the farmer, for instance, taboos a bank for spending a lot of money in “fixing up,” thanks to the general spirit of progress, which means a college education for his sons and daughters, the now universal country telephone, rural delivery, the trolley car, the automobile, and the many other evi-

dences of prosperity. Does the farmer who is of any account to a bank run his farm on any back number plan? No! He employs the very best means for pushing his business, and it is only logical to assume that he expects the bank to do the same thing.

It would be a short memory, indeed, that could forget the time when all the average bank required in the way of an equipment was a wagon load of oak fixtures, and plain-sawed oak at that. If the banker wanted to put on a little extra style he would get quarter-sawed oak, probably in a dark finish. If he wanted to be particularly “swell,” he would buy mahogany—“solid mahogany.” Marble and bronze were not to be thought of—except as things to be avoided, for such extravagances were supposed to drive business away. But note the change. The director who only a few years ago tightened up on the bank's purse strings in relation to such matters, is the very one now to insist on getting the best that money can buy. This is not a random statement, but actual experience.

But there should be method in this work. Every dollar should count. Every stroke of the pencil on a plan means money. It requires a wide range of experience and technical knowledge to get the best materials and the most convenient arrangement and the most attractive results for the money expended.

CAPITAL AND THE SOUTH

FINANCIAL noses are keen. Just now they are turned toward the South. With a population of 33,000,000, the South now has invested in business about \$84,000,000 more than the whole United States could show in 1880; the value of the South's crops now exceeds the value of the crops of the whole country as late as 1890; and its coal products last year amounted to two and a half times the coal output of the United States in 1890. Go almost anywhere in the South and you feel self-confidence which is based upon figures. “They talk big down there,” said an investigator, “but they tell the truth.” He showed some figures which did indeed talk big. In the six months ending May first, wholly new water-power projects, with a total capitalization of more than \$200,000,000,

have been organized. They will ultimately develop 1,500,000 horsepower. Their financing is looked after by bankers in London, Toronto, Montreal, New York, Chicago, Philadelphia, Pittsburg and cities of the South. A recent offering in London of \$10,000,000 of bonds of an Alabama power company was largely oversubscribed. Virginia, West Virginia, Georgia and Alabama are the great waterpower States—there, manufacturing enterprises must grow to justify the investments which are being made. It is in the South that the greatest crop increases are coming, that diversified farming is winning converts most rapidly, and the situation is freest of the parasites who fatten on boom-time by-products.—Collier's Weekly.

BANKING AND FINANCIAL NOTES



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EASTERN STATES

NEW YORK CITY

—The new Columbia-Knickerbocker Trust Co. paid its first quarterly dividend of five per cent. on June 29 to stockholders of record June 14. Before the merger the Columbia had been paying three per cent. quarterly on its \$1,000,000 stock and the Knickerbocker three per cent. quarterly on its \$3,000,000. The new institution has a capital of \$2,000,000. The dividend on the combined companies' stock is approximately what was received by the stockholders of the constituent companies, taking into account that when the Knickerbocker was absorbed its capital was reduced and stockholders received a cash distribution.

—The statement compiled by the New York Clearing-House Association showing the condition of trust companies in the city of New York as of June 14, 1912, gives

aggregate deposits of \$1,320,349,300, an increase of \$33,017,600 over the last previous call on March 21. Loans amounted to \$592,699,100, an increase of \$50,969,500.

—The semi-annual statement of the Citizens' Central National Bank of New York, recently published, showing deposits of \$27,865,254, undivided profits of \$392,633, and a surplus fund of \$1,500,000, speaks well for the bank's management and shows a steady growth since March 14, 1904, the date of consolidation of the National Citizens' and the Central National Bank. The bank's president is Mr. Edwin S. Schenck, a gentleman of pleasing personality, and full of energy, one of the younger and rising generation of bank presidents, who took charge at the time of the consolidation and whose aim has been to broaden the bank's policy and strengthen its position.



EDWIN SAXTON SCHENCK

PRESIDENT CITIZENS' CENTRAL NATIONAL BANK
OF NEW YORK

He has a very able assistant in Mr. Francis M. Bacon, Jr., the vice-president, who is well known in the wholesale dry goods trade. Mr. Chapman, the cashier, is an executive official of rare ability. The directors of the bank represent textiles, hardware, boots, shoes and produce concerns. The Citizens' Central National Bank pays regular dividends at the rate of $1\frac{1}{2}$ per cent. quarterly.

—Francis Henderson, vice-president of the Columbia-Knickerbocker Trust Company, has resigned to accept the vice-presidency of the Empire Trust Company.

—To keep pace with its extraordinary growth, the National Nassau Bank has been forced to enlarge its premises at the corner of Nassau and Beekman streets. Three additional directors have been chosen, namely, Arthur C. Harris, D. Hunter McAlpin and Laurence H. Hendricks.

—E. O. Eldredge, who has been for some time connected with the Irving National Exchange Bank, has left that institution to accept the post of secretary of the Chemung Canal Trust Company, Elmira, N. Y.

—Frederick W. Allen, vice-president of the Mechanics and Metals' National Bank, has been elected to the board and executive committee of the Chicago & Eastern Illinois Railway Co.

—As the guests of the Hanover National Bank, the Chase National Bank, the National Bank of Commerce and the National Park Bank, about two hundred and thirty South Carolina bankers and their families visited New York the past month.

—Superintendent Van Tuyl of the State Banking Department has approved an application of the Citizens' Trust Company of Brooklyn for permission to increase its capital stock from \$500,000 to \$1,000,000. This company recently absorbed the Broadway Bank of Brooklyn. Nathan S. Jonas is president and James H. Conroy secretary.

Superintendent Van Tuyl also has approved an increase of the capital stock of the Oyster Bay Bank from \$25,000 to \$50,000.

—W. Irving Dey has been appointed an assistant cashier of the Peoples Bank. He is a former president of the American Institute of Banking and at present a member of the board of governors.

—The Fourth National Bank in its July circular says that the whole country is too prosperous for business enterprises to be restricted by politics in the interim before the election. It predicts that business will actually increase in the next few months, and cites as an indication of the enlarge-

Peoples National Bank

Richmond, Virginia.



Capital

\$300,000

Surplus and Profits

\$1,438,000

OFFICERS

JAMES N. BOYD

President

J. J. MONTAGUE

Vice-President

RICHARD H. SMITH

Vice-President and Cashier

R. LATIMER GORDON

Assistant Cashier

CONWAY H. GORDON

Assistant Cashier

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ment of trade the increased output of commercial paper bearing the names of well-known mercantile concerns.

—John S. Jenks, Jr., has announced his retirement from the banking firm of Bert-ron, Griscom & Jenks. Mr. Jenks wished to devote his time wholly to Philadelphia connections.

—The stockholders of the First National Bank in Brooklyn recently elected three new directors, increasing the board from nine to twelve.

—Daniel W. Evans, Walter N. Stillman, Lynford M. Dickinson, members of the New York Stock Exchange, announce a co-partnership, under the firm name of Evans, Stillman & Co., for the transaction of a general business in bonds, stocks and other securities.

—The new offices of the American Bankers' Association in the Hanover Bank Building were formally opened the past month. Visitors were received by the president, William Livingstone, of Detroit, the chairman of the executive council. Arthur Reynolds, of Des Moines, and the secretary, Fred E. Farnsworth of New York.

—According to the June 14th statement rendered to the Comptroller of Currency, the Fourth National Bank has total resources of \$55,026,769, comprising loans and discounts, \$30,394,551; U. S. bonds, \$2,094,158; other bonds, securities, etc., \$2,607,147; banking house, \$3,000,000, and cash on hand and due from banks and the U. S. Treasury, \$16,930,911. Liabilities include, gross deposits, \$42,127,190; capital, \$5,000,000, and surplus and undivided profits, \$5,831,949.

—By the recent appointment of Frank L. Hilton, as assistant cashier of the Merchants National Bank, that institution gains the services of a man of broad business experience. Mr. Hilton was born in Hannibal, Mo., and for nine years previous to his entrance into banking was en-

gaged in railroad development in New York State and the West. He started in 1896 as a clerk in the Hanover National Bank, New York, and shortly afterwards became connected with the then North American Trust Company, starting as



FRANK L. HILTON

ASSISTANT CASHIER MERCHANTS NATIONAL
BANK, NEW YORK

bookkeeper and advancing to the position of secretary. Upon the merger of that company with the Trust Company of America and the City Trust Company in 1905, he became assistant secretary, and in the early part of 1907 was promoted to secretary. From this position he was appointed assistant cashier of the Merchants National Bank.

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CHICAGO

BAKER-VAWTER COMPANY

HOLYOKE, MASS.



—Final steps in the Irving-Mercantile merger were recently agreed upon by the stockholders of both banks. It has been decided to call the new institution the Irving National Bank.

—Net deposits of the Guaranty Trust Company, according to the statement of June 30, amount to more than \$190,000,000, the largest ever reported by an American trust company. The total resources are nearly \$240,000,000.

—Willard V. King, president of the Columbia-Knickerbocker Trust Company, and other members of the bondholders' committee of the Kansas City, Mexico and Orient Railroad, known as the Stilwell road, announce that \$1,000,000 receiver's certificates are on sale for the benefit of that road.

—The Bedford Branch of the People's Trust Company, Brooklyn, has opened for business in its new banking house at Nosstrand avenue and Herkimer street.

—Mr. William C. Potter, president of the Intercontinental Rubber Company, has resigned that position to accept a vice-presidency of the Guaranty Trust Company of New York.

Mr. Potter is a Chicago product, having been born in that city in 1874, and is the son of Edwin A. Potter, formerly president of the American Trust & Savings Bank of Chicago. He finished his education at the Massachusetts Institute of Technology, graduating from that institution with the class of 1897. By profession he is a mining engineer and metallurgist. For three years after leaving college he was engaged as foreman, engineer and superintendent of various mining operations in Colorado and Montana. In 1900 he was appointed mining engineer of the Atchison, Topeka & Santa Fe Railway, and from 1903 to 1905 was general manager of the Guggenheim Exploration Company in the Republic of Mex-

ico. He became general manager and director of the American Smelting & Refining Company and American Smelters Securities Company in 1905, and for the past year



WILLIAM C. POTTER

VICE-PRESIDENT GUARANTY TRUST COMPANY
OF NEW YORK

has been president of the Intercontinental Rubber Company.

He thus takes with him to his new position a well rounded experience as an executive, and one which will no doubt serve him for the good in his new association.

—The Title Guarantee and Trust Company, which now has a capital of \$4,375,000 and a surplus of \$12,671,000, will ask stock-



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holders to approve an increase in capital to an even \$5,000,000. The increase will be distributed September 30 to stockholders of record September 9 at the rate of one new share for every seven shares held. A cash dividend equivalent to the par value of the stock will be distributed out of the surplus and applied to payment for the new stock. The shares now sell at around \$600.

BOSTON

—The Second National Bank has opened for business in its new banking rooms at 111 Devonshire street.

—Directors of the First National Bank have elected Bernard W. Trafford vice-president. Mr. Trafford has been connected with the American Telephone Company and allied interests, as manager of various Bell properties throughout the country for the past nineteen years. In selecting a man of general business training, the bank adheres to its policy of continually strengthening its organization for the handling of strictly commercial business.

—Joseph G. Stearns, formerly assistant secretary of the Old Colony Trust Company, Boston, has been made vice-president of that institution.

PHILADELPHIA

—Preparations being made for an extension of the building of the Penn National Bank recall the fact that the present building of the bank is probably on the site once occupied by the house in which Thomas Jefferson was living when he wrote the Declaration of Independence.

—The terms of the Trust Company of North America's merger with the Commercial Trust Company, both of Philadelphia, Pa., were given in the following notice:

Notice is hereby given that a special meeting of the stockholders of the Trust Company of North America will be held at the office of the company, July 9, 1912, at 11 o'clock a. m., to take action upon a proposition to sell the assets of the company and to merge with the Commercial Trust Company.

The plan involves a purchase by the Commercial Trust Company of all of the assets of the Trust Company of North America, except its building, for twenty-four hundred (2400) shares of the ten thousand (10,000) shares of stock of said company now outstanding and a transfer of the building to a trustee with power of sale for the benefit of the stockholders, said trust to be capitalized at two hundred and fifty thousand dollars (\$250,000) to be divided into ten thousand (10,000) certificates of interest of the face value of twenty-five dollars (\$25) each.

The stockholders of the Trust Company of North America will receive 25 per cent.

of their present holdings in these certificates of interest and 24 per cent. in the stock of the Commercial Trust Company. The directors of the company unanimously recommend the acceptance of this plan.

—E. P. Passmore, recently elected vice-president of the Franklin National Bank, has had a wide banking experience. Mr. Passmore started in a bank at Rising Sun, Md., where he was employed for five years. He then entered Swarthmore College with the class of '93. Upon leaving college, he started the National Bank of Avondale,



E. P. PASSMORE

VICE-PRESIDENT AND CASHIER, FRANKLIN
NATIONAL BANK, PHILADELPHIA

Pa., of which institution he was the head for ten years, then becoming cashier of the Traders' National Bank, Scranton, Pa. In April, 1902, Mr. Passmore came to the Franklin National Bank as assistant cashier and when Mr. McAllister was advanced to the presidency, Mr. Passmore was elected cashier.

—The National Security Bank has added \$50,000 to its surplus, making \$850,000, or nearly three and one-half times the amount of its capital. In addition the bank has \$56,160 undivided profits.

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL	SURPLUS
\$1,000,000	\$1,000,000

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
WILLIAM L. DOUGLASS, Cashier
ARTHUR W. SNOW, Asst. Cash.

DIRECTORS

James McCutcheon	Samuel Adams
Charles T. Wills	William H. Gelsham
Ruel W. Poor	Morgan J. O'Brien
	Thomas D. Adams

—Woelpper, Crawford & Co., successors to the firm of George B. Atlee & Co., dissolved, are continuing the business at 119 South Fourth st.

—The condition of the Girard National Bank at the close of business on June 14 shows total resources of \$51,986,196, of which \$33,808,415 is made up of loans and discounts, and \$10,395,888 is cash and reserves; \$6,303,405 is due from other banks, and \$1,478,486 is exchange for the clearing house. The surplus and undivided profits are \$4,726,359, while deposits aggregate \$44,186,033.

—The Commercial Trust Company of Philadelphia, Pa., announces the election of William A. Opdyke to the vice-presidency. He was formerly secretary and treasurer.

—Permission to increase its capital stock from \$200,000 to \$250,000 has been given the Union Stock Yards Bank of Buffalo, N. Y. Stockholders took nearly all the new stock.

—A. D. Robbs has been elected president of the First National Bank, Castle Shannon, Pa., succeeding the late Col. A. H. Anderson.

—F. A. Drury, the recent president-elect of the Massachusetts Bankers' Association,

Capital - \$2,500,000.00

**FIRST
NATIONAL
BANK**

Deposits, \$32,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,571,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

is well known as a banker in that State. He was born in Spencer, Mass., July 12, 1868, and after receiving his education in the public and high schools of the same town, entered the Spencer National Bank in 1884 as messenger. He rose rapidly, be-

coming bookkeeper, teller, cashier, vice-president and president. He then went to Worcester, and formed a partnership under the name of Drury & Bonney, representing Lee, Higginson & Co., which sold bonds in the city, and being prominent in organizing the Merchants National Bank in 1905, and was chosen its president in April, 1908.

At that time the deposits of the bank were \$2,200,000. On July 1, 1912, they had increased to \$3,627,000.

Besides being a director in the Spencer and Millbury (Mass.) National Banks, Mr. Drury holds the same position in many corporations, such as the Worcester Electric Light Company, Prentice Company, manufacturers, Norcross Brothers Company, contractors, of Worcester, and the Pope Manufacturing Company, Hartford, Conn.

Mr. Drury's wide banking acquaintance and influence will undoubtedly prove of valuable service to the Massachusetts Bankers' Association.

—Clarence H. Nelson has been elected president of the Traders National Bank, Lowell, Mass., to succeed the late John C. Burke.

—The Asbury Park (N. J.) Trust Company has opened for business in its new building at the corner of Mattison avenue and Emory street.

—One of Central New York's rising young men is Adolphus E. Hewell, recently appointed assistant cashier of the Citizens National Bank, Oneonta, N. Y. Mr. Hewell has worked his way conscientiously up each step of the banking ladder. He started as a clerk in the First National Bank of Morris, N. Y., at the age of eighteen, and was in this bank's service about two years when a broader opportunity presented itself at the Wilber National Bank of Oneonta. Going there as a general utility man, he soon advanced to the position of first teller. After eight years' faithful



F. A. DRURY

PRESIDENT MASSACHUSETTS BANKERS' ASSOCIATION

The Union National Bank

CAPITAL \$1,600,000.00 **Cleveland, O.** SURPLUS AND PROFITS
\$1,000,000.00

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. E. WARD, Asst. Cashier

W. C. SAUNDERS, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

service, Mr. Hewell accepted a more advantageous position with the First National Bank of that city. Upon its sudden failure with the Mount Vernon National in the "Jennings chain" during 1911, he received a position as teller in the Citizens' National



ADOLPHUS E. HEWELL

ASSISTANT CASHIER, CITIZENS NATIONAL BANK,
ONEONTA, N. Y.

Bank of the same place and in January, 1912, was appointed assistant cashier.

Mr. Hewell is an influential man in his home city, and with his thorough banking experience will no doubt be a factor in its future development.

The Citizens National Bank is a progressive institution. In the year 1911 deposits

increased over \$500,000, speaking well for the position it occupies in the business community of Otsego and Delaware counties.

—The twenty-nine national banks of Pittsburgh, Pa., in response to the Comptroller's call, show total deposits of \$217,159,473, the largest in their history, comparing with \$211,765,105 on June 7, 1911, and with \$217,026,493 on April 18, 1912. The surplus and profits of the twenty-nine banks on June 14 stood at \$32,137,118, compared with \$31,481,512 on June 7, 1911, and with \$31,949,518 on April 18, 1912.


—At a recent meeting the stockholders of the Plainfield, N. J., Trust Company elected H. H. Pond, formerly secretary and treasurer, to membership on the board of directors.

—As a reward for twenty years' efficient services, directors of the Mauch Chunk (Pa.) National Bank have appointed Ira G. Ross cashier to succeed the late Edgar Twinning.

—At the recent meeting of the Pennsylvania Bankers' Association these officers were elected on the recommendation of the nominating committee: President, A. S. Beymer, cashier, Keystone National Bank, Pittsburgh; vice-president, Montgomery Evans, president Norristown Trust Company; secretary, D. S. Kloss, cashier First National Bank, Tyrone; treasurer, A. D. Swift, cashier Elk County National Bank, Ridgway.

—Plans for the organization of a new bank at Binghamton, N. Y., capitalized at \$200,000, are being made.

—The Second National Bank of Pittsburgh, Pa., shows a gain of nearly two million dollars in deposits between the calls of April 18 and June 14, the present total



**THE
PEOPLES
BANK
OF
BUFFALO,
N.Y.**

**IF intelligent
handling of
items and low rates
appeal to you send
us your BUFFALO
BUSINESS**

Capital - - -	\$300,000.00
Surplus and Profits - -	443,000.00
Deposits - - -	5,717,000.00

A. D. BISSELL, President
C. E. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FEIL, Asst. Cashier

standing at \$16,464,201. Total resources are \$21,359,823, with loans and discounts \$8,325,874 and cash and due from banks \$6,281,287. The capital is \$1,800,000; surplus and profits, \$2,202,122.

—A strong statement of June 14 from the Wilber National Bank, Oneonta, N. Y., includes this table, indicating steady progress toward the \$3,000,000 deposit mark:

Deposits, June, 1900	\$1,082,173
Deposits, June, 1901	1,312,105
Deposits, June, 1902	1,452,177
Deposits, June, 1903	1,482,638
Deposits, June, 1904	1,664,537
Deposits, June, 1905	1,822,327
Deposits, June, 1906	1,954,456
Deposits, June, 1907	2,011,529
Deposits, June, 1908	2,113,967
Deposits, June, 1909	2,259,727
Deposits, June, 1910	2,619,139
Deposits, June, 1911	2,847,160
Deposits, June, 1912	3,093,866

—A new bank is being organized at Bath, N. Y., called the Farmers and Mechanics Bank.

—In the quarterly statement of Henry J. Ford, State Commissioner of Banking and Insurance, on banking concerns and trust companies in New Jersey, it is shown that the deposits of twenty-five savings banks have increased \$6,266,937, as compared with the corresponding quarter last year. The report also shows increases of resources in the twenty-five State banks and ninety-six trust companies of New Jersey.

—The recent election of A. S. Beymer to the presidency of the Pennsylvania Bankers' Association is a fitting honor for this man, whose banking career has been one of concentrated effort, with its resultant achievements.

Mr. Beymer has been with the Keystone

National Bank of Pittsburgh since its organization in 1884, starting at that time as individual bookkeeper. He then became pay-



A. S. BEYMER

PRESIDENT PENNSYLVANIA BANKERS' ASSOCIATION,
CASHIER KEYSTONE NATIONAL
BANK, PITTSBURGH

ing teller and in 1897 was elected cashier, which position he holds at the present time. In 1908 he was elected a member of the Executive Council of the American Bankers' Association.

ATLANTIC NATIONAL BANK

Providence, R. I.

Send Us Your Rhode Island Collections

New Bankers' Trust Building Lighted By Frink System

This is one of the finest buildings on Wall Street, New York.

After careful investigation of the Frink System, used in most of the prominent banks and trust companies—the architects, Trowbridge and Livingston, and the engineer, Henry C. Meyer, decided to install this system of lighting.

On the first and second floors they placed Frink Bank Screen Reflectors of special design, having glass tops for general illumination of the banking room.

They provided Frink Reflectors on all the desks on three floors and also specified their use in the Semi-Indirect Reflecting Chandeliers under and over the mezzanine at the second floor, making a complete Frink lighting equipment.

Our Illuminating Department, which has handled a large number of Bank Lighting installations, is at your service.

Write nearest office for full particulars.

H. W. JOHNS-MANVILLE CO.

Sole Selling Agents for Frink Products

Albany	Chicago	Detroit	Louisville	New York	San Francisco
Baltimore	Cincinnati	Indianapolis	Milwaukee	Omaha	Seattle
Boston	Cleveland	Kansas City	Minneapolis	Philadelphia	St. Louis
Buffalo	Dallas	Los Angeles	New Orleans	Pittsburgh	Syracuse
For Canada:—THE CANADIAN H. W. JOHNS-MANVILLE CO., LIMITED.					
Toronto, Ont.	Montreal, Que.	Winnipeg, Man.	Vancouver, B. C.	1750	



View of Main Banking Room—Bankers Trust Building, Lighted with Frink Reflectors.

SOUTHERN STATES

—An important bank merger is to take place at Richmond, Va. The First National Bank will absorb the National Bank of Virginia. John B. Purcell, president of the First National Bank, has been chosen chairman of the board of the consolidated bank, which will be known as the First National Bank. W. M. Habliston, president of the National Bank of Virginia, will be president, John M. Miller, Jr., vice-president and cashier of the First National Bank, will be first vice-president, and actively engaged in conducting the affairs of the larger institution. Resources of the consolidated banks will be about \$25,000,000, capital stock \$2,200,000, and total deposits \$14,000,000. The bank will soon move into its handsome, modernly equipped building, acknowledged to be one of the finest and most perfectly appointed banking houses in the South.

—With the recent ratification of the stockholders, the consolidation of the First and Fourth National Banks, Nashville, Tenn., has been entirely completed. The new institution is called the Fourth and First National Bank and has a capital of \$1,100,000, it being the second largest bank

south of the Ohio River. The deposits are \$13,000,000, and the surplus, \$800,000.

—At the meeting of the board of directors held at the American National Bank, Austin, Texas, at the close of their fiscal year, June 29, 1912, they disposed of their net earnings since January 1 as follows:

Increased their surplus from \$350,000 to \$400,000 and paid a semi-annual dividend of five per cent—\$10,000—and passed \$12,000 to undivided profits.

This bank, with a capital stock of \$200,000 and a surplus of \$400,000, occupies place number one on the honor roll in the city of Austin and twenty-sixth in the State.

Being on the honor roll implies good management and shows a fixed policy to make a strong bank by building up a large reserve, as shown by its surplus fund and undivided profits in excess of its capital stock.

The American National Bank is true to its original policy—"Every accommodation consistent with safe banking."

A bank whose officers have brought the institution to this commendable position is a safe bank with which to do business. It is, by virtue of its attainments, entitled to the

The Best Possible Arrangement of Your Banking Quarters

To keep pace with the demands of today, "well enough" will not do. **YOU MUST HAVE THE BEST.**

Conserve your floor space and get the best possible arrangement by supplementing your architect's services with those of an Equipment Specialist, when you lay out your new banking quarters.

THOMAS BRUCE BOYD, EQUIPMENT SPECIALIST, 286 Fifth Ave., New York City

REFERENCES

Do not judge a man's ability by what he says—but what he has done for others

BANKERS TRUST CO., New York.

GUARANTY TRUST CO., New York.

AMERICAN EXCHANGE NATIONAL BANK, New York.

FOURTH NATIONAL BANK, New York.

FIFTH NATIONAL BANK, New York.

MARINE NATIONAL BANK, Buffalo.

MUTUAL LIFE ASSURANCE

WHITNEY CENTRAL NATIONAL BANK, New Orleans.

ESSEX COUNTY NATIONAL BANK, Newark.

FIRE ASSOCIATION OF PHILADELPHIA.

SECOND NATIONAL BANK, Boston.

COMPANY OF CANADA.

most careful consideration of those who seek pleasant and profitable business relations in this field.

The fact that the American National Bank has for years held its business against



AMERICAN NATIONAL BANK, AUSTIN, TEXAS

all competition indicates that the public mind has not lost sight of the solidity and safety of this bank.

In the report made to the Comptroller of the Currency on June 14, 1912, the American National Bank showed over \$200,000 more individual deposits than any other bank in Austin. The principles of conservative banking have governed the development of the American National Bank. They explain its continuous progress through its twenty-one years of existence.

The following is a list of the officers and directors:

Officers: George W. Littlefield, president; H. A. Wroe, vice-president; R. C. Roberdeau, vice-president; T. H. Davis, vice-president; L. J. Schneider, cashier; H. Pfafflin, assistant cashier.

Directors: George W. Littlefield, H. A. Wroe, R. C. Roberdeau, T. H. Davis, R. H. Baker, T. J. Butler, Ernest Nalle, Charles Wolf, Edgar Smith, J. B. Robertson, W. P. Allen.

Mr. Robertson and Mr. Allen were appointed directors at the meeting held in the offices of the American National Bank, June 29, 1912, to fill the vacancies caused by the death of Judge James H. Robertson and C. C. Bradford.

—The Marion (Ala.) Central Bank is erecting a \$12,000 building.

—The People's Bank and the Union Savings Bank of Jacksonville, Fla., have consolidated under the name of the former institution; capital, \$100,000. E. A. Groover is president.

—The First State Bank of Donna, Texas, has increased its capital from \$12,500 to \$25,000.

—The Coleman National Bank and the Farmers' State Bank, both of Coleman, Texas, according to press dispatches, are to be consolidated.

—The Farmers and Merchants' Bank of Lake City, S. C., has decided to increase its capital from \$50,000 to \$100,000.

—The Bank of Randolph, Cuthbert, Ga., established in 1901, having capital and surplus of over \$60,000 and deposits of more than \$80,000, has perfected arrangements with the department at Washington for changing the bank into a national institution, to be known as the First National

W. H. LEE, President
D. R. FRANCIS, Vice-President
A. L. SHAPLEIGH, Vice-President
GEO. E. HOFFMAN, Cashier

E. B. CLARE - AVERY, Assistant Cashier
J. P. BERGS, Assistant Cashier
D. A. PHILLIPS, Assistant Cashier
L. K. WISE, Assistant Cashier

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - - \$1,700,000.00
Surplus and Undivided Profits \$1,800,000.00

A COMMERCIAL BANK

Interviews and Correspondence Invited

DIRECTORS

JOSEPH R. BARROLL,
Butler Brothers.
J. S. BEMIS,
Treasurer Bemis Bro. Bag Co.
G. A. von BRECHT,
President The Brecht Co.
CHAS. A. COX,
President Cox and Gordon
Packing Co.
S. S. DE LANO,
Treasurer American Car and
Foundry Co.
D. R. FRANCIS,
Francis, Bros. & Co.
O. L. GARRISON,
Pres. Big Muddy Coal & Iron Co.

ELIAS S. GATCH,
President Granby Mining and
Smelting Co.
C. F. GAUSS,
Pres. Gauss-Langenberg Hat Co.
CECIL D. GREGG,
President Evens-Howard Fire
Brick Co.
Pres. C. D. Gregg Tea & Coffee Co.
GEO. E. HOFFMAN,
Cashier
S. E. HOFFMAN,
E. R. HOYT,
President Hoyt Metal Co.
W. H. LEE,
President.
B. McKEEN,
Gen. Mgr. Vandalia R. R. Co.

C. W. MANSUR,
Secretary John Deere Plow Co.
JOHN J. O'FALLON,
O. H. PECKHAM,
President National Candy Co.
C. R. SCUDDER,
President Sam'l Cupples
Envelope Co.
A. L. SHAPLEIGH,
Treasurer Norvell-Shapleigh
Hardware Co.
J. J. WERTHEIMER,
President Wertheimer-Swartz
Shoe Co.
C. W. WHITELAW,
Pres. Polar Wave Ice & Fuel Co.

Bank of Cuthbert, without changing either capital or officers.

—The First National Bank and the National Bank of Wilmington and Brandywine have consolidated into the Wilmington Trust Company, at Wilmington, Del.

—At the sixteenth annual convention of the North Carolina Bankers, held recently at Morehead City, these officers were elected: Leak S. Covington of Rockingham, president; George A. Holderness of Tarboro, first vice-president; Thomas E. Cooper of Wilmington, second vice-president; J. L. Armfield of High Point, third vice-president; and W. A. Hunt of Henderson, re-elected secretary and treasurer.

—W. F. Angustine and A. C. Baylis have been elected assistant cashiers of the Merchants National Bank, Richmond, Va.

—The Republic Trust Company, capital \$5,000,000, chartered at Phoenix, Ariz., has been granted permission to do business in Texas, with an office at Dallas. Directors: C. L. Wakefield, Dallas, president; George H. Bird, Fred E. Johnston, A. Silvers, Dallas; J. T. Garlington, Sweetwater; J. D. Whitcomb, Groesbeck; T. C. Morgan, Longview; J. L. White, McKinney; B. H. Davenport, Denton; J. B. Hunt, Bowie; H. S.

Bettes, Paris; B. A. Carter, Emory. J. L. White is Texas agent.

—Allen R. Sheffer, formerly secretary of the American Trust Company, Houston, Texas, is forming a \$2,000,000 institution at Fort Worth, Texas, called the Guaranty Trust Company.

—Improvements on the First National Bank's building, Birmingham, Ala., still continue, it being the evident intention of making the First National's home one of the handsomest in the State. The banking rooms proper have been completely remodelled. The work has been done on a magnificent scale and the bank now has quarters sufficiently capacious for its enormous business and at the same time in keeping with its prestige and influence.

—S. Sterett McKim has been elected vice-president and cashier of the National Union Bank, Baltimore, Md. Mr. McKim took charge of his new office July 1. The position of vice-president was created for him, but as cashier he succeeds Robert A. Diggs, who has filled the position for the last twelve years. Mr. Diggs is leaving the bank on account of ill health.

—At the nineteenth annual convention of the Virginia Bankers' Association held at

Capital - \$6,000,000

Surplus - \$6,000,000



**Depository of the
United States, State
and City of New York**

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

GATES W. MCGARRAH, President.
ALEXANDER E. ORR, Vice-President.
NICHOLAS F. PALMER, Vice-President.
FREDERIC W. ALLEN, Vice-President.
FRANK O. ROE, Vice-President.

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

Old Point Comfort recently, after addresses by H. N. Phillips, cashier of the Peninsula Bank, Williamsburg, Va., D. M. Gannaway, president of the Farmers Educational and Co-operative Union, Virginia Division; J. H. Peters, cashier Peoples National Bank, Gate City, Va., and William C. Cornwell of J. S. Bache & Co., New York; these officers were elected: President, Thomas B. McAdams, cashier, Merchants National Bank, Richmond; vice-presidents, group 1, W. B. West, cashier Citizens' and Marine Bank, Newport News; group 2, W. M. Addison, cashier National Bank of Virginia, Richmond; group 3, C. C. Tiffany, president Fauquier National Bank, Warrenton; group 4, V. Vaiden, cashier First National Bank, Farmville; group 5, J. W. Bell, president First National Bank, Abingdon; secretary, Walker Scott, cashier Planters' Bank of Farmville; treasurer, Julien Hill, cashier National State and City Bank, Richmond. Members of the executive council: C. H. Chandler, of Harrisonburg; J. M. Hurt, of Blackstone; G. M. Ratcliffe, of Pulaski, and J. W. Miller, of Lynchburg.

WESTERN STATES

CHICAGO AND VICINITY

(Office of The Bankers Magazine, 115 South LaSalle Street.)

—The Chicago office of Hornblower & Weeks, bankers and brokers, has been removed to large and commodious quarters on the ground floor of the New York Life Building, 37 South LaSalle street. It was formerly located in the Central Trust Building, having been established five years ago with Edward Clifford as manager. Under Mr. Clifford's management the business of the firm in this territory has increased to large proportions, due to its unexcelled facilities in the way of private wires and correspondents throughout the country for the

buying or selling of all kinds of listed or unlisted securities for investment or on margins.

—Charles Fernald, assistant cashier of the Fort Dearborn National Bank, has recently been elected vice-president of the California Society of Illinois. Mr. Fernald was born in Santa Barbara, Cal., in 1872, and is the son of Judge Charles Fernald, who came to that State in 1849. He received his education in the public schools of Santa Barbara and was graduated from Stanford University in 1895. Before coming to Chicago he was engaged in the cattle business. He took up banking at Douglas, Arizona, coming to Chicago in October, 1903, and entering the service of the Fort Dearborn as an assistant cashier. Mr. Fernald spends a great deal of his time in California and the West in the interests of the Fort Dearborn National Bank, and has quite an extensive acquaintance with bankers the country over.

—Following their usual custom, Logan & Bryan have opened their summer office at Macinac, under the management of A. E. O'Neill.

—The Mercantile Trust and Savings Bank, with Frederick H. Rawson as president and Harry N. Grut as cashier, has opened for business at the northwest corner of Clinton street and Jackson Boulevard, in the quarters formerly occupied by the Mercantile Bank. The new bank will subsequently remove to the new C., B. & Q. building across the street, where handsome and spacious quarters will be provided for its use.

Mr. Grut, the cashier, is a graduate of the Continental and Commercial National Bank, where he started as a boy and worked his way through numerous departments. He takes an active interest in the educational and social features of the American Institute of Banking and will undoubtedly make a success as cashier of the Mercantile Trust and Savings Bank.

DIAMOND
NATIONAL
BANK

DIAMOND NATIONAL BANK

PITTSBURGH, PA.

OFFICERS

WILLIAM PRICE, President
D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

Capital - - \$600,000.00
Surplus and Undivided Profits **1,642,933.96**

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

—The bond houses of Charles M. Smith & Co. and Farson, Son & Co. have opened offices in Minneapolis in the new McKnight building. Harry E. Hallenback will be the northwestern manager for the former concern and Harry C. Goddard for the latter. M. Hallenback formerly was cashier of the City National at St. Paul and Mr. Goddard has been the northwestern representative of Farson, Son & Co. for a number of years.

—George M. Reynolds, president of the Continental and Commercial National Bank, and others are the incorporators of the Continental and Commercial Security Company, capital \$6,000,000, which corporation will build the new Continental and Commercial Bank building that it is estimated will cost in the end ten and one-half millions of dollars.

—Chicago is to have a new outlying bank to be known as the Edgewater State Bank, with a capital of \$200,000.

—State Auditor McCullough at Springfield has granted a permit to Jason L. Wilson, Jessie Ora Hunt, George L. Wilson, G. M. J. Badow and Edward S. Stickney to organize the Central Farm Mortgage, Bond and Trust Company of Chicago, with a capital stock of \$1,000,000. The object of the organization is to loan money to farmers.

—Harvey Fiske & Sons of New York, investment bankers, have opened a Chicago office in the Merchants' Loan and Trust building, under the management of Norris B. Henrotin.

—The Southwest Trust and Savings Bank of Chicago has been organized for the purpose of conducting a general banking business at West Thirty-fifth street, Hoyne and Archer avenues. The concern is capitalized at \$200,000 and begins business with a surplus of \$20,000, and more than 250 depositors. With the organization of the bank was announced the retirement of Thomas J.

Healy from active practice of the law to become its first president.

The bank is in the centre of a thickly populated manufacturing district and has the support of the Continental and Commercial National Bank. A meeting of the directors will be held shortly to choose the other officers and organize the working force of the new institution. The directors are: Ralph Van Vechten, first vice-president Continental and Commercial National Bank, who will be first vice-president of the new bank; Thomas J. Healy; John F. Smulski, president Northwestern Trust and Savings Bank; Henry Stuckart, city treasurer of Chicago; Edward R. Litzinger, M. Kotecki, Thomas McNery, Abel Davis, James Forbich, Daniel M. Healy, Charles Martens, John Bruehl, Phillip Summers and Daniel J. Cahill.

—The Park State Savings Bank of Chicago has been organized with a capital stock of \$200,000. B. Kulp, A. L. Peterson and J. W. S. Fresh are interested in the new institution.

—The Greenebaum Sons' Bank and Trust Company, founded 1855, and one of the oldest banking houses in Chicago, has acquired additional space in the Ashland block, northeast corner of Clark and Randolph streets, where the institution now occupies the entire bank floor.

The bank was founded by Elias Greenebaum, who is now in his ninetieth year. For the past eleven years there have been three generations actively engaged in the bank. The recent incorporation under State supervision just a year ago was the outgrowth of many years of specializing as investment and foreign bankers. Since incorporation as a State bank and soliciting deposits, the bank has more than doubled the volume of its business in every department and the rapid and substantial growth of the institution now requires twice the greatly enlarged space occupied only a short time ago.

The increased quarters provide ample room for a new savings department and

Capital, \$1,000,000.00 JOHN B. PURCELL President FREDERICK E. NÖLTING, 2nd Vice-President CHAS. R. BURNETT J. C. JOPLIN W. P. SHELTON ALEX. F. RYLAND	Earned Surplus, \$1,000,000.00 JOHN M. MILLER, JR. Vice-Pres. and Cashier Assistant Cashiers
--	--

FIRST NATIONAL BANK

OF RICHMOND, VIRGINIA

BILL OF
 LADING DRAFTS
 ON RICHMOND A SPECIALTY

**Strong in resources, conservative
in management, progressive in policy**

trust department in connection with the general banking, loan and investment departments. It is estimated that at the present time the bank has about \$100,000,000 in mortgages and bonds outstanding, secured by improved Chicago real estate. These securities are largely held by local capitalists.

A new combination bank account, called an "investment savings account," was started by the bank six months ago and has proven to be very popular.

—Total deposits held by fifteen national banks and fifty-seven State banks of Chicago aggregate \$1,008,798,000. This is a high record for the local institutions and is an increase of \$3,754,702 since the last previous official bank call—April 10 last.

The condition of these banks shows a continued state of plethoric monetary supplies at this centre and accounts for the unusually low rates of interest now prevailing.

The combined loans of all the national and State banks reporting were \$674,779,392, an increase of \$4,330,189; while cash resources total \$330,967,018.

Savings deposits held by the State banks of Chicago, under date of June 15, the official call, show a total of nearly \$217,000,000, an increase of \$3,500,000 since the previous statement made to the Auditor of State on April 19 last.

—Walter D. Rathje is president of the new Ravenswood National Bank at 4600 West Ravenswood Parkway, Chicago, which is capitalized at \$50,000, with a surplus of \$10,000. Others interested are: John W. Hirst, vice-president; George C. Keeler, cashier, and Peter Reinberg, C. F. Newkirk, John W. Hirst, Henry A. Rathje, Dr. Bussey, W. T. Perkins, William H. Bryan, Adolph H. Wessemann, William W. Pollock and Walter E. Rathje, directors.

—Officials of the Continental and Commercial National Bank gave an outing on July 4 to the employees of the bank in beautiful Ravinia Park. The occasion was

enlivened with a fat man's race, with President George M. Reynolds and Vice-President Ralph Van Vechten entered. Mr. Reynolds finished fourth and Mr. Van Vechten sixth.

—A permit for the organization of the Auburn State Bank of Chicago has been granted to T. F. McFarlane, M. P. Bransfield and W. M. Cline. The capital stock of the new institution is \$200,000.

—The Northern Trust Bank building is being decorated for the summer with a continuous row of window box plants along the entire front and side facing LaSalle and Monroe streets. The effect is unusual for so massive a building in the down town district—makes it homelike and inviting from the street.

—Babcock, Rushton & Co. announce that Ainslie J. Bell, formerly with King, Farnum & Co., is now connected with their investment bond department.

—Harry S. Smale of the Continental and Commercial National Bank of Chicago, who has been president of Chicago Chapter for the past year, has been endorsed by the chapter for the office of secretary of the Associated Chapters, and it is the hope of the Chicago members of the American Institute of Banking that all the chapters may be able to see their way clear to giving him their hearty support at the coming convention to be held at Salt Lake City. Mr. Smale has been one of the hardest and most earnest workers for the institute for many years, and his experience and ability is such that he would fill the position of secretary with credit to the A. I. B. The following resolution was unanimously passed by the Chicago Chapter at a recent open meeting:

"Whereas, Chicago Chapter, American Institute of Banking, has been extremely fortunate in having had as president for the past season a man who has always had the progress and good of our chapter close to

his heart, and who has displayed at all times great energy in fostering and promoting policies which have been of inestimable value to our organization;

Therefore, be it *Resolved* that we, the members of Chicago Chapter, hereby nominate and heartily endorse Harry S. Smale as secretary of the American Institute of Banking and that the Chicago delegates to the Salt Lake City convention be requested to do all in their power to further his candidacy and effect his election to the office mentioned.

"We also express the esteem in which we hold Mr. Smale as a chapter worker and as a friend. He has served in various capacities, always with great credit, and for several years has contributed freely and unselfishly his time and energies to Chicago Chapter. He has never forgotten that the fundamental basis of our existence is education and, we all know, has sacrificed much of his time and energy in furthering the progress of our chapter."

—The consolidation of the old private banking house of L. Burrows & Co. of Decatur, Ills., with the National Bank of Decatur, marks the passing of one of the oldest and most reliable private banks in Illinois. Established in 1852, eight years before James Millikin began a private banking business in Decatur, which has grown into the Millikin National Bank, the Burrows bank has continued business as a private bank for sixty years. No word of doubt about the soundness of L. Burrows & Co. is to be found among the business men of Decatur. The passing of the name of one of Illinois' ante-bellum banking houses is a matter deserving of comment.

This consolidation means that there will be but three banks in Decatur, and there are few cities of approximately 35,000 people in the country which have but three banks. Although numerically few, the Decatur banks make up in size and strength what they lack in number. Every banker in Illinois knows the Millikin, with its \$5,000,000 in deposits, is outranked by only three or four other banks in the State outside of Chicago. The Citizens National, with its large bank buildng, also is another important business for Decatur. The National Bank of Decatur is now considering plans for a new structure, there being three plans in view, one a monumental banking house two stories high, to be used only by the bank; another for an eight or nine story office building, while a third calls for a stock company to erect a building in which the bank would be only a tenant.

—George W. Woodruff, president of the First National Bank of Joliet, Ills., is to head the Woodruff Trust Company of Joliet, which has been incorporated with a capital of \$250,000. F. W. Woodruff will serve as

vice-president, E. R. Lewis as treasurer and J. Merle Plant as secretary.

These officers are identified prominently with the First National, and it is expected that the Woodruff Trust Company will be an allied institution. It has been organized expressly to handle amortised farm mortgages on the plan used by the Credit Foncier of France. The company will confine itself to the territorial limits of the State of Illinois. This is the first strictly land credit bank organization in America, and the intention is to systematize the farm loan business of the State and to reduce materially the rate extended to farmers on farm loans.

This new bank seems to have complied in its plans with the requirements of the new committee appointed by the American Bankers' Association at New Orleans to find a way by which farm loans may be had more cheaply and on longer time than they have been heretofore. At the present time, Myron T. Herrick of Ohio and Edward Chamberlain of Texas are visiting the farm-loan sections of Europe collecting information for the American Bankers' Association, with the view of offering a solution of the problem of financing the farmers at a lower rate. Mr. Woodruff is looked upon as a progressive in banking circles, and bankers all over the country will be interested in the success of the new trust company organized to handle farm mortgages.

—Indorsement of the one-cent letter postage rate for the United States was voted unanimously by group 9, Ohio Bankers' Association, at its seventh annual convention, held in Cleveland recently. After interesting discussions of timely topics, the following officers were elected: Chairman, E. R. Fancher, vice-president of the Union National Bank; secretary-treasurer, W. M. Baldwin, assistant secretary Citizens Savings and Trust Company; executive committee, C. A. Paine of Cleveland, G. B. Fox of Burton, W. R. Radcliffe of Painesville, W. A. Davies of Lorain, W. W. Grant of Youngstown, B. Henderson of Medina, M. E. Agler of Garrettsville, Harry Williams of Akron, J. J. McFarlin of Girard and D. B. Seymour of Ashtabula.

—W. K. Cole, recently vice-president of the Anglo-California Trust Company of San Francisco, has purchased the Vallejo (Cal.) Commercial Bank, having assets in excess of \$1,000,000. The bank was founded in the days of the early Central Pacific Railroad advancement in Vallejo by Edward H. Green.

—The absorption in Denver of the Central National Bank by the United States National Bank, gives that city another large and strong financial institution.

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The United States National had a capital stock of \$350,000 and surplus of \$300,000. This was increased by the addition of 500 shares, par value \$100 each, sold to the stockholders of the Central National at \$250 per share. After settling all indebtedness there was a surplus of \$350,000, in addition to \$400,000 capital, giving a working capital of three-quarters of a million dollars. The deposits at consolidation were about six millions. Now they are about six and a half millions.

As both institutions were strong individually, the merger gives a bank of much strength and promise.

—Figures supplied by the Seattle, Washington, Clearing-House Association show an immense increase in the banking business for the first half of this year over the aggregate of the first half of 1911. The difference in the clearings exceeds \$20,000,000. The steady growth of the volume of business in the banks has been noted for several months past, but an aggregate increase of the amount shown hardly was anticipated. The showing is regarded as highly important evidence of the improvement of business conditions in Seattle.

The total clearings for the six months were \$284,374,001.70, as against \$263,761,519.05 for the first half of 1911. The total for the whole year of 1911 was \$552,640,350, and if the latter part of this year shows the normal increase over the first half of the year, there should be an aggregate gain for 1912 of approximately \$50,000,000, the bulk of the business coming after harvest.

—Lending money to the farmers without interest, if necessary, to help them erect silos, was advocated recently by J. H. McCord of Spencer, Iowa. He expressed his belief that the farmers should be urged to produce as large crops as possible because of the dependency of the State upon the fortunes of the farmer.

—With a capital stock increase from \$25,000 to \$50,000, and a surplus from \$4,500 to \$10,000, the Minneapolis State Bank,

Lake street and Nicollet avenue, Minneapolis, Minn., has nearly doubled in size since its organization three years ago.

—The Iowa State Bankers' Association will convene at Des Moines in 1913.

—A modern bank building is to be erected by the Citizens' Bank, Michigan City, Ind.

—The position of cashier in the Continental National Bank, Indianapolis, Indiana, left vacant by the resignation of Brant C. Downey, has been filled by the election of Arthur H. Taylor, formerly assistant cashier of the bank.

Mr. Taylor is widely known in banking



A. H. TAYLOR

CASHIER CONTINENTAL NATIONAL BANK,
INDIANAPOLIS, INDIANA

circles and is remembered particularly as one of those prominent in the organization of the new Continental National. He was born on a farm near Columbus, Ind., January 4, 1874, and entered the Meridian National Bank of Indianapolis, when he was thirteen years old, remaining there until connecting himself with the Merchants National of that city in 1894, staying with that bank one year, going next to the Fletcher National of the same place and continuing in its service until September, 1909, when the Continental National was formed.

His activities in the fields he is interested in have won the respect and esteem of all his associates.

—Chester S. Morey, president of the Great Western Sugar Company, has been elected a director of the Denver (Colo.) National Bank.

—The Ohio Bankers' Association, in session at Cedar Point the past month, reaffirmed faith in the currency programme outlined by the National Monetary Commission, as amended by the American Bankers' Association, and expressed the belief that the early adoption of this reform would put the banking system upon the firmest foundation it has ever known. As a remedy for the high cost of living the association advocated the application of more modern methods in farming, together with steps to check what was described as "the fact that too many young men and women are leaving the farm."

The bankers approved the conservation and good roads proposals as adopted by the constitutional convention.

These officers were elected: S. D. Fitton, president First National Bank, Hamilton, president; R. D. Sneath, president Commercial National Bank, Tiffin, vice-president; Stacey B. Rankin, president Bank of South Charleston, South Charleston, secretary; S. J. Brister, cashier State Savings Bank Company, Canal Dover, treasurer.

—The board of directors of the Interstate Savings Bank, Denver, Colo., has been increased from nine to eleven members, by the election of Oscar D. Cass and Vauto F. Wilson.

—A. G. Taft has been elected president of the Harbor Bank, Oakland, Cal.

—After endorsing the Central Bank plan, recommended by the Federal Monetary Commission, making plans for the teaching of agriculture in public schools, and deciding to direct their efforts in behalf of the "back to the land" movement, the Washington State Bankers' Association, in convention at Tacoma, elected these officers: President, W. J. Patterson, Aberdeen; vice-president, W. H. Martin, Ritzville; secretary, P. C. Kauffman, Tacoma; treasurer, C. K. McMillin, Bellingham.

CANADIAN NOTES

—At a recent meeting of the Bank of Montreal, the capital stock was increased from \$9,000,000 to \$25,000,000. The purpose of the new issue was to enable the bank to cope with the great expansion of its business.

—Battleford, Saskatchewan's, new branch of the Merchants Bank, announces the appointment of D. D. White, formerly of the Carburry, Manitoba, branch, as manager.

—The annual report of the Home Bank shows that this institution maintained during last year the satisfactory rate of progress of the previous year, there being an increase in deposits of \$800,000, with a proportionate gain in assets and circulation.

—A. P. Hazen, for twelve years manager of the St. John branch of the Bank of British North America, has assumed the duties of manager at the Montreal branch of that bank.

—The Union Bank of Canada has moved its head office from Quebec to Winnipeg. Mr. Balfour, general manager of the bank, will take charge in that city.

—H. Von Metzke, manager of the Glencoe branch of the Merchants Bank for the last three years, has been appointed manager of the Walkerville branch. J. Britton of the Galt branch will succeed him as manager at Glencoe, Ont.

—It is reported that Mr. Fraser of Newburg, Ont., has been appointed manager of the Standard Bank at Cobourg, Ont.

—M. J. Manning, formerly inspector of the Merchants' Bank, has accepted the position of manager of the Security Trust Company at Calgary, Alta.

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January . 1904
April . . . 1904
June . . . 1904

The Bankers Publishing Co.
253 Broadway, New York City

—With the unanimous approval by both institutions, the Royal and Traders Bank merger is now entirely consummated.

—F. E. Kilvert has been appointed manager of the Bank of Hamilton at Winnipeg, Man.

—A branch of the Canadian Bank of Commerce has been opened at Sudbury, Ont.

—R. H. Fulton has been appointed manager of the newly organized Bank of Saskatchewan, with headquarters at Moose Jaw, Sask.

—F. W. Molson has been elected to the board of directors of the Montreal City and District Savings Bank, to fill the vacancy caused by the death of his brother, F. Markland Molson.

—A sub-branch of the Bank of British North America has been opened at Boucherville, Que., under the temporary management of E. R. S. Young.

—The Merchants Bank recently opened branches at South Battleford, Guelph and Walkerton.

—E. C. Peters, of the Bank of Montreal at Fredericton, has been transferred to Kingston, Ont.

—The Union Bank of Canada has moved into its new quarters at Vernon, B. C.

—The Union Bank are soon to open their new branch at Gull Lake, Alta.

—O. G. Bernardt has been appointed manager of the Bank of Toronto at Bradford, Ont.

—The Royal Bank of Canada has opened a branch at Papineau avenue, Montreal.

—A branch of the Merchants Bank has been opened at Desboro, Ont.

—The Quebec Bank has opened a branch at Denzil, Sask., under the management of H. J. L. Lyons.

—A. S. Skelton, manager of the branch of the Bank of British North America at West Toronto, Ont., has been transferred to the branch at St. John, N. B., as manager.

—C. A. Ross, manager of the London branch of the Dominion Bank, has been transferred to the Hamilton branch.

—The Union Bank will shortly commence the erection of a branch office on Queen street West, Toronto, Ont.

—J. S. C. Fraser of Rossland, B. C., has been appointed to succeed A. J. C. Galletly as manager of the Bank of Montreal at Victoria, B. C.

FOREIGN BANKING AND FINANCE

EUROPEAN

—Two increases of capital in France have been announced, the Banque de Paris from 25,000,000 francs to 100,000,000 francs, and the Banque Privée from 20,000,000 francs to 50,000,000 francs.

—Once a Bank of England note for one penny was issued by mistake. It got into circulation and was a source of great annoyance when making up accounts. Search was made by the bank and at length they discovered the holder, who returned it to them for a fancy price. This is the smallest amount for which an English note has

ever been issued, for, of course, notes under £5 are never drawn up unless by mistake.

—The Supreme Court (Kammergericht) of the Kingdom of Prussia recently decided a suit which had occupied the lower courts for years.

Some of the shareholders of a leather manufacturing joint-stock company sued the A. Schaafhausensche Bank (one of the great banking companies of Germany) for the return of the money which they had paid for the shares of the defunct manufacturing company, alleging that they were in-

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Capital
\$30,000,000

Reserve Fund
\$7,500,000

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Reserve, earned - - - 325,000.00

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Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$823,875.00

Deposits, \$3,002,244.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comp. toir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

duced to purchase the shares on the strength of the statement which the bank made in the published prospectus when offering the shares to the public. It was ascertained later that the statements in the prospectus regarding the financial condition of the leather company were not true. The tribunal of first instance, the district court at Berlin, non-suited the shareholders, but the latter, on appeal to the Supreme Court, gained their suit and the bank was condemned to pay the plaintiff's claim in full, with costs. This is an important decision and shows the great responsibility of the banker in Germany.

—At the third annual meeting of the National Bank of Turkey, held in Constantinople recently, gross profits for 1911 were reported as \$235,419, which left for distribution \$136,814. The directors stated that "the company's financial operations had notably increased during the past financial year, in spite of the crisis through which the country was passing."

LATIN AMERICA

—A "culture bank" has been established in the West Indies by Rotterdam bankers, the principal object of which will be to maintain a credit institution for agricultural interests. The capital is \$600,000, divided \$400,000 preferred and \$200,000 common stock.

—American interests seeking to secure a commercial foothold in Ecuador are advised that the surest way is to establish an American bank. The country has a great many natural advantages, both in climate and natural resources.

—The Uruguayan Government increased to a million sterling the issue of Treasury bills, for the sale of which it has been negotiating in Paris. It appears, however, that

only £850,000 have been taken. The government wished to make a condition that the bills are to run only for six months certain, but that it is to have the option of renewing them three times. The condition naturally is not liked, and it is reported that only one renewal has been agreed to.

—A company has been formed under the laws of Canada called the Brazilian Traction Light and Power Company, Limited, with a capital of \$120,000,000. The princi-

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Accountant, MR. F. M. de la GARZA

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Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

pal object of the new company is to bring about a consolidation of the Rio de Janeiro Tramway, Light and Power Company, Limited; the Sao Paulo Tramway, Light and Power Company, Limited, and the Sao Paulo Electric Company, Limited, by issuing its share capital in exchange for the issued share capital of the three companies.

—Notwithstanding the internal strife in Mexico during the past few years, work of national importance has been pushed forward almost or entirely without serious interruption.

—A probable surplus of \$2,500,000 is reported by Ernesto Madero, Secretary of the Treasury of Mexico. The budget estimated a deficit of about \$3,500,000. The reserve of \$21,000,000 still is intact.

—The newly constructed railroad between La Union and San Miguel, San Salvador, was formally opened for traffic recently by the President of the Republic.

The work on this railroad was begun in April, 1910. It is part of the eastern division of the Pan-American Railroad, the concession for its construction being granted to Minor C. Keith and Bradley M. Palmer of the United Fruit Company. It is intended eventually to extend the road to San Salvador.

—At a largely attended meeting in London recently of the holders of the Nicaragua gold bonds of 1909, held under the auspices of the council of foreign bondholders, a resolution accepting the agreement, dated New York, May 25, 1911, between the Republic of Nicaragua, represented by Brown Brothers and J. & W. Seligman, and the committee of foreign bondholders, and requesting the council to take necessary steps to carry the arrangement into effect, was unanimously passed.

In the absence of Lord Avebury, from indisposition, Admiral Sir Charles Fremantle read a speech, prepared by Lord Avebury, explaining the events leading up to the agreement, which provides, according to Lord Avebury, for "doing away with the reduction of the principal of the debt. But if the large loan contemplated by the Nicaraguan treaty signed in June, 1911, or a similar financial operation is carried out

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within two years, the bonds are to be purchased for cash at 93 per cent. If the operation comes off after two years and within five, the purchase price is to be 94; if after four years and within six, the price will be 95. After six years the price will be par.

"As regards security, the bondholders will have an unconditional first lien on the whole customs revenue, remittances for purposes of the debt being made direct to the bankers, and most important of all, the collection of customs by an American collector general is to be maintained during the entire life time of the bond.

"Nicaragua also recognizes the right of the New York bankers' council to apply to the United States for protection against violation of the provisions of the agreement.

"In consideration of this advantage the bondholders are asked to consent to a reduction of the rate of interest on the bonds from six to five per cent. and to surrender all lien on any security other than the customs revenue."

After explaining one or two minor provisions in the conditions, Lord Avebury concluded:

"Your committee has carefully considered the agreement and has no hesitation in recommending it to your acceptance, but it is a very important point that our agreement does not become operative until the New York bankers' council declares it to be so, and this will not be done until a large majority of the bonds have been deposited in assent to the agreement."

The agreement just reached in London, says the New York "Times," has been the subject of frequent Wall Street rumors. Last December cablegrams announced that a decision had been reached along substantially the lines now announced. This was denied by Brown Brothers and J. & W. Seligman, who had recently negotiated a Nicaraguan loan, but it was admitted that conferences were in progress.

The meaning of the agreement is that American influences are to control Nica-

raguan finances hereafter with a \$15,000,000 loan through a national bank which is now being established by American capitalists, to be in charge of Americans.

The loan cannot be made until the Nicaraguan treaty, sent to the United States Senate on June 11, 1911, has been ratified. Its main purpose, if made, will be to retire all Nicaraguan foreign bonds and pay all internal debts, after which the country's financial affairs will be conducted through

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2nd Vice-Pres.—LUIS BARROSO ARIAS

the new national bank. The loan is to be guaranteed by the customs, and the customs collector is to be appointed by the United States Government.

The negotiations with the foreign bondholders were opened with a view to reaching an agreement as to terms on which bonds, issued only two years ago, could be retired in the near future.

As a first move in reorganizing the Nicaraguan currency system a syndicate of American bankers loaned the government \$1,250,000 in December, 1911, and sent to Nicaragua Col. Clifford B. Ham, formerly in the customs service of the Philippines, to act as collector of customs, pending the negotiation of the Nicaraguan treaty. At about the same time, Francis Chapel Harrison, an expert on paper currency, and Charles A. Conant, were sent to Nicaragua to organize the new bank. Mr. Conant had arranged the finances of the Philippines and Panama and served on the Mexican Monetary Commission. They were instructed to use the preliminary loan of \$1,250,000 largely to organize the national bank and prepare for handling the larger loan to be made after the treaty is ratified.

If the larger loan is made it is intended to undertake a comprehensive series of internal improvements after the foreign bonds have been retired and outstanding local indebtedness is paid. It is expected that American influence will dominate and supervise these improvements.

—"You can say without exaggeration that not less than \$100,000,000 will be invested in Mexico within the next few months by European capitalists," said an international banker of high standing recently in reply to an inquiry as to whether capital which had been withheld on account of the revolution was showing signs of reawakened interest.

"Now that President Madero has the political situation well in hand," continued the banker, "we have had many inquiries from abroad recently regarding the outlook in Mexico for large investments.

"The capital referred to will be invested in both old and new enterprises; in some cases the capitalization of existing mining and railroad corporations will be increased, in others new railroads will be built, and new mining properties exploited, not to speak of enterprises of a different character."

ASIATIC

—The Franco-Japanese Bank, noted in the June and July issues of the Bankers Magazine, was constituted the past month with a capital of 25,000,000 francs. Sixty per cent. of this capital was contributed by the Société Générale and the Banque de Paris et Pays-Bas and forty per cent. by the Industrial Bank of Japan. M. Guernaut, director of the Société Générale, was elected president of the new concern, and M. Soyda, president of the Industrial Bank of Japan, was made vice-president. The directors include M. Bousquet of the Bank of Indo-China, M. de Fourton, Baron Guinesbourg, M. Lavelle and Mr. Teskikawa.

AUSTRALASIAN

—The directors of the National Bank of Australasia, Limited, have appointed Hugh M. Strachan, of Strachan, Murray & Shan-

THE BANKERS DIRECTORY

"THE RED BOOK"

In its twenty-ninth year and
BETTER THAN EVER

Mexican Title-Mortgage Co.

Mexico City, Mexico

MEXICAN TITLES

EXAMINED

ABSTRACTED

PERFECTED

Foreclosures and Reorganizations Managed

Mexican Companies Organized

Foreign Companies Protocolized

Real Estate Properties Managed

Mexican Lands Bought and Sold

Concessions Obtained

It costs nothing to write us for particulars

non, Proprietary, Limited, a director to fill the vacancy caused by the death of Sir William Austin Zeal.

—At a recent meeting of the Associated Banks, C. W. Wren, general manager of the English, Scottish and Australian Bank, Limited, was elected chairman for the coming year.

—Francis Grenville Clarke of Thule, Deniliquin, who is a director of the Colonial Bank of Australasia, has accepted a seat on the board of Goldsbrough, Mort & Co., Limited, in the place vacated by the death of Sir William Zeal. Richard Gardiner Casey has been appointed chairman of the company, which position was held by Sir William Zeal.

—J. M. Pratt has been elected chairman of the board of directors of the National Bank of Australasia, Limited, for the ensuing twelve months, and John Grice, vice-chairman for the same period.

—D. S. K. Miller, Chief Metropolitan Inspector of the Bank of New South Wales, has been chosen the first Governor of the Commonwealth Bank. The appointment is

for seven years. Mr. Miller's task is by no means an easy one, for though the bank will have control of all the Federal Government's business and may take over the banking business of some of the States, that will not suffice, if the patronage of the general public is not forthcoming.

The Federal Government, however, has control of the post offices, and these will be used to facilitate the working of the savings Bank Department. The capital of the bank is £1,000,000.

The new governor will have to organize an entirely new staff and establish branches where at present there are none. At the same time he will have to compete with the private institutions. Mr. Miller has had

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D. S. K. MILLER

CHIEF METROPOLITAN INSPECTOR, BANK OF NEW SOUTH WALES. RECENTLY CHOSEN THE FIRST GOVERNOR OF THE COMMONWEALTH BANK, AUSTRALIA

the advantage of a long training in the Bank of New South Wales and is held in high repute as one having knowledge of banking in all of its branches. He recently

completed a tour of Canada, the United States and several European countries, where he thoroughly studied banking and business conditions and made many friends.

RECENT STATISTICS OF AUSTRALIAN BANKS

	Deposits.	Advances.	Coin and Bullion.	Australian Notes.
1. Bank of New South Wales.....	£35,965,813	£26,271,096	£7,789,230	£1,372,690
2. Bank of Australasia	17,956,916	13,559,687	4,179,467	575,436
3. Union Bank of Aust. Ltd.....	20,505,591	16,370,482	4,031,403	498,216
4. Com. B. Co. of Sydney Ltd.....	20,386,003	16,545,217	4,001,198	570,164
5. Aust. Bank of Commerce, Ltd.....	3,312,216	4,064,389	557,236	250,750
6. Com. Bank of Aust. Ltd.....	6,686,535	5,463,786	1,410,935	365,084
7. National of Australasia Ltd.....	11,311,731	9,455,343	2,232,919	454,716
8. Bank of New Zealand	14,137,778	10,982,515	2,440,104	5,198
9. Queensland Nat. Bank Ltd.....	6,856,528	6,346,537	1,268,906	322,152
10. E., S. and A. Bank Ltd.....	5,704,889	6,481,376	1,028,285	151,609
11. Bank of Victoria Ltd.....	6,777,277	6,864,771	634,079	186,231
12. London Bank of Australia	4,794,722	4,157,591	590,738	200,726
13. Colonial of Australasia Ltd.....	4,087,807	3,230,887	545,891	192,232
14. City Bank of Sydney.....	1,734,939	1,687,534	158,097	79,109
15. Commercial of Tasmania Ltd.....	1,716,447	1,637,377	274,062	100,358
16. National of New Zealand Ltd....	3,685,725	3,458,323	917,525	.....
17. Bank of Adelaide	3,268,212	2,658,582	481,241	175,877
18. Royal of Queensland Ltd.....	1,518,893	1,626,297	307,573	71,842
19. Royal of Australia Ltd.....	1,925,706	2,115,393	284,991	45,102
20. Bank of N. Queensland Ltd.....	911,244	720,674	155,044	45,393
21. National of Tasmania Ltd.....	596,875	635,281	84,097	43,249
22. Western Australian Bank.....	2,831,083	3,186,988	725,961	177,282
Total	£174,872,920	£147,520,136	£34,098,982	£5,873,416



SIR EDMUND WALKER
PRESIDENT CANADIAN BANK OF COMMERCE

(Whose interesting views are presented elsewhere in this number—*See page 239.*)

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-SIXTH YEAR

SEPTEMBER, 1912

VOLUME LXXXV, NO. 3

FIFTIETH ANNIVERSARY OF THE NATIONAL BANKING SYSTEM

NEXT year will mark the fiftieth anniversary of the establishment of the National banking system, an event which THE BANKERS MAGAZINE will signalize by issuing a special number devoted to a record of the progress of the system from its inception until now.

It should prove interesting and valuable at this time, when the banking system is undergoing critical examination with a view to its reconstruction, to study the origin of the National banking system and its gradual development to the present large proportions.

Such a study will of necessity involve a consideration of the principal State banking systems that have flourished concurrently with the development of the National banks.

Probably we are on the verge of an impending change in the National banking system. It was established by Secretary CHASE largely for the purpose of giving the country a safe circulating medium. And while the National bank notes have possessed many points of excellence, they have also developed many defects. Even bankers themselves are now, many of them at least, advocating a policy that in time will if adopted gradually deprive the National banks of the note-issuing function.

But while the National banks were designed largely to supply the country with a safe circulating medium, that

long ago ceased to be their chief function. They have, through their deposit and discount operations, been of inestimable service to every form of the country's production and commerce. Great banks have grown up in the large cities, but the National banks have penetrated into remote localities and have enormously multiplied their numbers and resources. They have become a prime factor in the country's growth, extending credit to the deserving, and providing a safe repository for the people's wealth. They are owned locally and locally controlled, in the main, despite a few notable exceptions, and are independently serving their respective communities.

Limitations on the privileges of the National banks have made it impossible for them to supersede State banks and trust companies, which have prospered no less than their Federal competitors.

The story of the progress of the National banks—both of the system as a whole and some of the notable individual institutions—together with an account of the complementary development of State banks and trust companies in the same period ought to constitute an interesting chapter in the country's financial history, which THE BANKERS MAGAZINE will set forth in its special Fiftieth National Bank Anniversary Number, to be issued early in the coming year.

INVESTMENT BANKERS' ASSOCIATION

MUCH good will undoubtedly flow from the Investment Bankers Association recently organized in New York by representatives of a number of the leading investment houses of America.

Perhaps in no other country is there greater need for education along investment lines. The tremendous losses annually sustained through bad "investments" could be measurably reduced were the people properly educated as to the nature of investments. The bankers who make it their business to study the factors affecting securities of various kinds and who are through experience familiar with investments, are preëminently the ones to carry on such an educational propaganda, and they can do so with immense advantage to the public.

While many improvements yet remain to be made in standardizing securities and in harmonizing the laws relating to investments, perhaps the most fruitful field of activity for the Investment Bankers Association will be along educational lines and in establishing a high reputation for probity and ability among its members.

CHECKS IN PAYMENT OF GOVERNMENT DUES

AT last the announcement is made that the Government is to accept certified bank checks in payment of all dues. The long delay in adopting this obviously sensible practice is inexplicable. Of course, for many years there was a valid reason why the Government was under the necessity of demanding coin payments for customs dues, but that necessity long since passed away.

The more nearly the Government, in

its dealings with banks, conforms in general to the same practices obtaining in ordinary business concerns, the better it will be for the country. A great deal of the disturbance to business at various times has originated in the Treasury policy toward the banks. Under a well-ordered banking and currency system it should be no part of the Government's business to come to the aid of the banks or the money market. It would be quite enough if the Treasury operations were such as not to embarrass the banks by large and sudden withdrawals of actual cash to be locked up in the Treasury vaults, or on the other hand to pour out into the channels of circulation huge sums of money at other times.

Although the day when there shall be a complete and scientific reformation of our banking and currency system may be far distant, some good beginnings are already being made: First, the gold standard has been definitely established; second, the coinage of silver dollars has been stopped; third, the new issues of United States bonds have been rendered unavailable for bank-note circulation purposes; fourth, the Government has adopted a sensible policy in its dealings with the banks. Let us hope that as time goes on other changes, much-needed, will be made. Because Congress refuses to overturn at once and completely the country's banking system and set up something wholly new, need not be a cause of discouragement to those who have labored long and patiently for currency and banking reform.

As the time approaches for the expiration of the ALDRICH-VREELAND LAW, another wise feature could be put into the Banking Law, simply providing that, under proper restrictions, the banks of the central reserve cities may issue their credit notes. Later this privilege may be extended to all the reserve city banks, and finally if found

desirable and when the bond-secured circulation shall have been retired, to all national banks.

Even to permit the central reserve city banks to issue their credit notes would provide a much more satisfactory and safer method of alleviating panics than that contained in the ALDRICH-VREELAND Law.

AUTHORITY OF CONGRESS TO INVESTIGATE THE BANKS

AS the so-called "money trust" investigation may be resumed in the fall, the banks will naturally be interested in what constitutes the legitimate scope of the inquiry. A pamphlet relating to this matter has been issued by the American Bankers' Association giving the views of THOMAS B. PATON, general counsel of the association, as to the power of Congress to compel the disclosure of private affairs between banks and their customers. After reviewing the legal principles involved and quoting several decisions bearing on the subject, Mr. PATON says:

"As to the national banks, which are institutions created and regulated by Congress, that body has expressly enacted that:

"'No Association shall be subject to any visitorial powers other than such as are authorized by this title or are vested in the Courts of Justice.'

"The visitorial powers authorized 'by this title' are those given to the Comptroller of the Currency. This legislation by Congress covers the entire subject of inquiry which the House Committee on Banking and Currency is attempting to explore and in the face of the positive declaration of Congress that no Association shall be subject to any other visitorial powers, it seems clear that this excludes any jurisdiction in one House of Congress to investi-

gate into the business of any of the national banks.

"Without pursuing the subject further, my view is that the officers of national banks are under no obligation to disclose to the committee of Congress any of the matters of information called for, and as to State banks and trust companies there is grave doubt as to the jurisdiction of the House or the power of the committee to make such a general inquisition and to compel the disclosure of the private business of such institutions; so much so, that until the Supreme Court of the United States should decide otherwise, which seems very unlikely, the officer of a state bank or trust company whose duty it is to faithfully safeguard the interests of his institution would probably be justified in refusing to disclose such matters of information relative to his institution or its clients as relate to their private affairs or would be detrimental to their interests. In this connection it will be noted that while Section 102 of the Revised Statutes makes it a misdemeanor for any person 'summoned as a witness' to willfully make default, or having appeared, refuse to answer any question pertinent to the question under inquiry, the circular letter of request mailed to the various banks can hardly be regarded as a summons to a witness within the meaning of this Section, which seems to contemplate a summons to personally appear. Therefore, beyond such matters of information not detrimental to private rights which may be voluntarily furnished the committee in response to the circular, the failure to respond as to other matters deemed private and inviolable would not be a violation of this section in any event. If this view be correct, until failure or refusal to respond to the circular is followed by a regular summons to appear as a witness, there will be no necessity of positively deter-

mining whether an inquiry involving the disclosure of private affairs of a banking institution shall be refused."

While the banks, standing strictly on their legal rights, might refuse to furnish some of the information asked for by the investigating committee, it is not clear that this would be the wisest policy, since it might provoke retaliatory legislation against the banks.

MAKING MONEY RAPIDLY

NO wonder that the "get-rich-quick" man finds many among the gullible to turn a ready ear to his fairy tales of finance.

According to newspaper dispatches evidence was developed in court recently in San Francisco showing that a certain sugar company had in twenty-one years netted dividends amounting to \$12,950,000, and that for all but two years of that time the investment represented was only \$500,000, thus making the return for the period something like 2,500 per cent.

MEETING A HEAVY LOSS

AN evidence of the great strength of some of the banks in the large cities was afforded recently when the National Bank of Commerce of St. Louis wrote off \$5,748,729.35 from its surplus and undivided profits to meet possible losses from some loans that have turned out badly. It is a further evidence of strength that the bank in question was able to make this reduction in the accounts named and to have over \$2,300,000 surplus and profits remaining and a capital of \$10,000,000 unimpaired.

The National Bank of Commerce has long held a high rank not only among the financial institutions of St.

Louis—which are notable for conservative management—but it has long been one of the very large banks of the Middle West. In sustaining a loss so great it has shown high powers of resistance, which ought to have a marked effect in restoring whatever prestige may have been lost through the ill-advised loans.

Banks, big and little, can never be wholly exempt from the possibility of serious losses. In this case, by having a large surplus fund, the bank was able to bear the loss, and without even calling on its shareholders for assistance.

UNDIGESTED SECURITIES ABROAD

LONDON has recently experienced a surfeit of securities, indicating that even the world's great money centre has a limit to its capacity to provide fresh capital. The ease with which money may be had at a low rate by those in good credit has stimulated certain needy communities and enterprises to go in rather heavily for new loans.

The growth of corporations and the huge development now being carried on by State and municipal governments occasion a demand for capital unparalleled in the world's history. This demand is virtually insatiable, but the means of supplying it are not inexhaustible.

Loans of this character are much less frequently liquidated at maturity than ordinary commercial loans. In fact, government debts and many corporate obligations also gradually acquire a permanent charter. When the time of payment comes such loans are "paid" by negotiating a new loan, usually for a larger sum. For it is the almost universal custom to take advantage of the approach of the maturity

date for making soundings for the purpose of securing a larger loan. Sometimes where the credit of a corporation or government has improved, the new loan may be obtained on more favorable terms, but sometimes the credit has declined and the lender drives a hard bargain with the borrower.

The general result of these operations, where loans are continually renewed and where many new loans must be obtained, is to pile up a huge volume of securities, growing ever larger and larger. No wonder that even London's tremendous financial resources are overtaxed by the demands thus made upon them.

ELECTRICITY AS FOOD

NOT for all time but only for a season does Hope bid the world farewell. Just as the price of "porterhouse" soared out of sight, and when everything eatable had gone so high as to make starvation imminent, came this comforting cablegram from Paris:

"If a man is hungry, give him electricity. If he asks for bread or beefsteak, put him in an electric chair and turn on the current.

"This paradoxical method is recommended by Prof. BERGONIE of Bordeaux, who has been telling his medical colleagues at Nimes of the curious results of his experiment.

"According to the professor, food can be replaced by electricity as nourishment for the human system. Low tension and high frequency electric currents—that is, such currents as one gets from an induction coil or from the instruments often seen at fairs, which used to pass currents through persons holding the terminals—passing through the body, he says, have the same effect in producing interior warmth as meat and bread. But there is this advantage over food, that they do not tax the digestive organs.

"These currents can be employed, the professor says, without the slightest deleterious effect.

"Dr. BERGONIE says his treatment will prove invaluable in the cases of invalids, who will be able to assimilate energy in an electric form. He adds that in many cases he observed that his electric treatment led to a notable increase of weight."

No cooks, no indigestion, "interior warmth" as meat and bread produce! Can this "electricity" be the "forty-rod lightning" famous in an earlier day?

BUDGET SYSTEM TO BE TRIED

AS an object lesson to Congress to demonstrate his belief in the advantages of the budget system for making estimates and appropriations for the Federal Government, President TAFT will send next year's estimates to Congress in budget form to accompany the regular book of estimates which the Secretary of the Treasury is required by law to submit. The entire Cabinet has been instructed to prepare estimates under both plans.

The proposed American budget, while varying widely from the English budget because of the differences in the structure of the two Governments, will be designed to present to Congress and the people a detailed understandable programme of business for the ensuing year, committing the President to definitely expressed lines of public policy. The estimates will be explained in detail, classified and compared with previous appropriations and expenditures and show the relation of probable expenditures with probable revenues for the ensuing year.

The present method of submitting estimates to Congress in identical form each year without detailed information showing a definite programme is regarded by President TAFT, Secretary

MACVEAGH and the Economy Commission as unsystematic, unscientific and antiquated. The first budget will be drawn by the Economy Commission, which recently recommended its adoption. Secretary MACVEAGH in his last two annual reports strongly urged Congress to adopt the budget system in order to show the relation of income and outgo. He also advised the appointment of a commission representing the executive and legislative branches to study the problem.

AN EXCELLENT CROP OUTLOOK

ESTIMATES of the yield of five farm crops—wheat, corn, oats, potatoes and hay—for this year indicate a crop valued at \$3,677,000,000 compared with a yield valued at \$3,452,000,000 in 1911, or an increase of \$225,000,000. If other important farm products are added to the above estimate the total agricultural yield will be brought up near the ten billion mark, or almost \$500,000,000 more than last year.

It would seem that this year's crops, while not record-breakers except in a few cases, will be well above the average of the last ten years.

Another sign of prosperity, and an almost infallible one, is the great revival in the iron and steel industry.

Even the railroads, whose situation is less favorable than might be wished, can hardly fail to benefit largely from the heavy agricultural yield and the revival in our basic industries.

As we have already pointed out, the political situation appears to contain nothing at present to give rise to serious apprehension.

Should the present crop prospects hold out, and barring some unforeseeable calamity, the next twelve months should be a period of rising prosperity

SOCIAL REFORM—SOME FOREIGN VIEWS

NOT long ago LORD ROSEBERRY, a former British Premier, speaking in London, said:

"I do not think that any intelligent observer can watch the course of the world without seeing that a great movement of unrest is passing over it. Whether for good or for evil—I cannot doubt for good—it is affecting not merely England and the empire, but it is affecting the entire universe. After centuries of deadness it is affecting the East, and the Ottoman empire is apparently in the throes of preparation for some new development. More striking even than that, it has touched the dormant millions of China, which, for the first time in its history, appears likely to take a new start and a new development, a new progress to some ideal which we ourselves are incapable of defining. Is not the whole world in the throes of a travail to produce something—something new to us, something perhaps new to history, something perhaps better than anything we have yet known, which it may take long to perfect or to achieve, but which at any rate means a new evolution."

And the London "Times," commenting on the new Progressive party and its leader, Colonel ROOSEVELT, declared:

"They have raised the problem of social reform as it has never yet been raised in the United States.

"Nobody who has watched American movements, however superficially, can have failed to observe the progressive growth of discontent in large sections of the population during the last generation. Some of it is probably justified, some of it is not.

"It springs from many causes, and the task of devising and applying remedies to such of them as can and ought

to be remedied may well tax the statesmanship of the Nation and their rulers.

"But the 'acceptance' speech of President TAFT, no less than the speeches and writings of ROOSEVELT and the platform of the Democrats, shows that in the judgment of the shrewdest and most experienced politicians of all parties it can no longer be ignored.

"Clearly social reform has come within the domain of practical politics in the Republic, and on the manner and spirit of its treatment there great issues hang, not only for America, but for all civilized people."

It seems to us that the large place given to social reform in each of the programmes of the Presidential candidates is a hopeful sign. Some of their remedies may be impracticable, but they are all peaceful and generally praiseworthy in their motives.

The politician who gives careful heed to the signs of the times is far less dangerous to an enlightened community than the one who is deaf, dumb and blind to the legitimate aspirations of the people for social betterment.

BANKERS AND AGRICULTURE

NOTHING that American bankers have done is deserving of greater commendation than their efforts to bring about a more scientific development of our agricultural lands. For at the basis of National prosperity lies the productiveness of the farms.

Bankers may have no special knowledge of farming such as would particularly equip them for this work, but they are hard-headed men of business, and generally succeed in what they undertake.

If we are to have better methods of cultivation of farm lands, we must

have better means of practical scientific training in the schools and colleges for the work to be done, and it is in this direction especially that the first efforts of the bankers will be expended. They will also endeavor to help secure the establishment of agricultural credit banks.

No one can justly charge the bankers with selfish motives in this work. They are, of course, profoundly interested in whatever concerns the country's prosperity, but so is everybody else.

COSTLY METHODS OF DISTRIBUTION

AFTER investigating the cost of various food products at the railway terminals and at the point of consumption, a commission in New York has decided that the cost of \$350,000,000 for such products is increased by \$150,000,000 when they reach the consumer's kitchen. Greater concentration of retailing is proposed as a remedy.

The situation of New York city with respect to its food distribution is unique owing to the city's great size, and to the fact that the local facilities for freight distribution have not kept pace with the territorial expansion and the growth in population. Great attention has been given in recent years to the increase of facilities for handling local passenger traffic, but the method of handling and distributing freight has improved but little. The result has been to make freight transportation between points within the city more and more costly. Of course, this is but one of the factors tending to add to the prices consumers must pay, but nevertheless an important one.

The problem is different in other localities, but in each there is some point at which needless distributing costs could be greatly reduced. Nor would

this necessarily imply the elimination of the middleman who may be performing an indispensable service, but it would mean the lopping off of useless costs and the utilization of the middleman's services to the best advantages.

Could wasteful methods of distribution of food products be supplanted by efficient and economical methods, not only would the consumer be directly benefited, but if the farmers themselves got a due share of this saving it would materially stimulate farm production.

Give the farmer better prices, and there will be scant necessity of urging people to stay on the farm, for the farmer like the rest of us is working for gain and not glory.

PROGRESSIVES AND THE CURRENCY

LAST month the portions of the Republican and Democratic platforms relating to currency and banking were quoted in full. Below will be found the declarations of the new Progressive party on the same subjects:

"We believe there exists imperative need for prompt legislation for the improvement of our national currency system. We believe the present method of issuing notes through private agencies is harmful and unscientific. The issue of currency is fundamentally a government function, and the system should have as basic principles soundness and elasticity. The control should be lodged with the Government, and should be protected from domination or manipulation by Wall Street or any special interests.

"We are opposed to the so-called Aldrich Currency bill because its provisions would place our currency and credit system in private hands, not subject to effective public control."

While this declaration is hardly

specific enough to enable one to comment on it intelligently, it seems to hint at a Federal bank as a means of issuing currency.

HALT IN THE CURRENCY REFORM MOVEMENT

ANNOUNCEMENT is made that some of those who have been contributing to the financial support of the National Citizens' League are dissatisfied with the League's activity in behalf of the National Reserve Association plan, and that they will not put up any more money unless the activities of the League are directed toward a more general work in behalf of currency and banking reform and less to the open or masked advocacy of the Reserve Association plan.

Perhaps if the National Citizens' League had openly avowed itself to be what it apparently is—a mechanism for gaining support for the Reserve Association—its work would have aroused less antagonism and been more effective. A thin disguise rarely deceives people of ordinary intelligence, and gum shoes are not of much avail unless the soles are of exceptional thickness.

Nobody, of course, can blame the National Citizens' League for supporting the National Monetary Commission's plan, which contained many excellent features along with some bad ones. But the protestations of impartiality so strongly put forth have never been taken at their face value. It would be unfortunate, however, if the work of the National Citizens' League were discredited and allowed to languish. The country needs education on banking and currency. But this education should be impartial. The admitted faults of any plan must not be glossed over.

WHAT BANKERS ARE SAYING

Well-matured views of bankers and other financial men are tersely expressed in the sub-joined extracts, taken from addresses at bankers' conventions and from other sources.

BANKING AND CURRENT PROBLEMS

By Sir Edmund Walker, President Canadian Bank of Commerce

AN admirable address, dealing with banking and current problems, was made at the recent annual convention of the New York State Bankers' Association by SIR EDMUND WALKER*, president of the Canadian Bank of Commerce. Extracts from this address were published in the July issue of this MAGAZINE. We are sure the following additional quotations will be found of general interest:

"We are daily reminded that we live in a time of rapid and often precipitate change. The sixty or seventy centuries of recorded history show countless evidences of man's desire for social improvement, but they seem to be only a long-drawn-out prelude to the nineteenth century, when for the first time the great basis of society, inter-communication, was, by steamships and railways, by telegraphy and the post, perfected to a degree which warrants the belief that during the twentieth century the world will become practically one large society."

* * * * *

"The spirit of unrest evident in many countries * * * is, as we know, working at the roots of established institutions wherever they exist and whether public, semi-public or private. Unfortunately the result of communication is not necessarily to make men wiser, it mainly tends to make them more alike—to spread abroad ideas

both of wisdom and of folly. One must be blind not to see that much of the unrest is due to the unfair advantage possessed by the strong over the weak, and we must be equally blind not to see that much of it arises simply from the hatred of ability and success by the thriftless and incapable. The just man is troubled because it is clear that in the main the legislator is not so much concerned to equalize opportunities of success for men's efforts as to please the majority of the voters. Whatever we may think of the system of government which makes it possible for the least capable to rule, it is the condition under which we live at the moment."

* * * * *

"It is clear that the industrial work of the world will continue to be done by the aid of capital invested through corporations. Socialists may have in mind different machinery for the same purpose, but as bankers we are not likely to disagree as to the function in society of the joint-stock corporation. It is true, however, that proper relations between such corporations and the public need to be established. The basis of such relations should be arrived at by the exercise of good nature and common sense and especially by the determination on both sides to insist on fair-dealing. No matter what may be the rights under its charter of any corporation performing a public service or dealing in an article of wide consumption, its true interest and final profit

* A portrait of Sir Edmund Walker is presented as a frontispiece in this issue of THE BANKERS MAGAZINE.

will be found in dealing fairly with the people; and no matter how great the profit exacted in the past or how complete the monopoly established, the people will only do well by themselves, and secure justice when they confine themselves to punishing acts which are criminal and not when they legislate so as to destroy property legally created and in innocent hands."

* * * * *

"Whatever at any moment may be the artificial basis of society, the only promise of permanency lies in fair dealing. It is true that men will never agree precisely as to what is fair, and that enterprise would die if men did not keenly desire to make money, but there is a measure of reason in most men which should show them when they are exacting an abnormal profit merely because they have the power—for when they are doing so there is danger. In the face of modern discussions and legislation much less reliance can be placed in mere legal rights than in the past. What we may hope to rely on is a relationship between corporations and the public which is mutually advantageous, and in the long run this will be produced and will be found more profitable than the condition of warfare through which we are passing."

* * * * *

"In meeting discussion regarding the business of banking, or mere unreasoning animosity against banks, we are somewhat more fortunate than you are in the United States. By what was merely accidental at first we have settled down to the practice of a decennial revision of the Bank Act. In both countries we work under general Bank Acts, but with us banking is under Federal control alone. The charter of no bank runs for more than ten years and all expire at the same time. Revision of the Act is of course not ac-

tually demanded at this moment but it is natural, and the habit is so settled that should the Government be unable to take up the discussion of the Bank Act in the session preceding the expiry of the charters, the charters are not renewed for ten years, but merely for long enough time to permit of the discussion and amendment of the Act. Whatever we may have to face in the future and, of course, we are but a young country with relatively small affairs as yet, this decennial revision has been of great value to the country as well as to the banks, thus far. At such a time everyone has the chance to express his opinion, and when the new Act is passed there is a general feeling that things have been settled for the next ten years, although, of course, any subsequent Parliament may do what it pleases with the Act. The banks naturally take a large part in the discussion, though whenever they propose reforms they are generally treated as if they were seeking additional favors. As a matter of fact, however, every great reform in our system in the last two revisions has been proposed by the banks and they are all reforms in the interest of the people. In no case in recent years have the banks asked for an extension of their powers because such new power would be a new source of profit. It is of course true that any reform in the practice of banking which improves the service to the people will incidentally make profit for a bank by increasing the number of transactions, but that is surely just the mutuality of interest that society desires to establish. I fancy we are as selfish as any other body of bankers, but we have at least learned that the only safe plan for preserving the right granted by the people to carry on the business of banking is to give them the best possible service of banking. In the United States as the charters of banks working under the National

Bank Act expire at irregular dates, there is no special period when revision of the Act is natural, and while this is not the reason why reforms have been difficult to obtain, there might have been some advantage in a periodically enforced discussion of the subject of banking at Washington."

* * * * *

"A comparison is often made between the value of the service rendered to the public by a bank of the individual type in the United States as compared with a branch bank in Canada. It is urged that the bank in the United States has only the interest of its own community to work for and that under such conditions it will be more willing to aid local enterprises than a branch bank in Canada. This statement is like some of the poetry in 'Alice in Wonderland'; it sounds true but I think I can show that it is not. The Canadian branch manager is as keenly seeking for advancement as his American cousin. His progress depends on the good business he can secure. Competition between banks for business is carried on so fiercely that too free lending at branches is apt to be the result. In our own bank every manager prepares once a week a report on the business conditions, weather, crops, volume of business, new industries, failures, etc., of his district, and as he knows that success only comes to those who identify themselves with their districts, his business life is spent in trying to do his part in his particular community. But it will be argued that he may not be able to enforce his opinion upon his head office. When it comes to the matter of judgment regarding the soundness of the business proposed he will certainly sometimes fail because his head office will have a much wider range of information regarding any particular branch of trade than he is likely to have, but if the

transaction is sound his head office will desire the business so long as the bank has the money to lend. That the head office of any Canadian bank is likely to favor the East as compared with the West, or large cities as compared with small, or the city where the head office is situated as compared with other places where it has established branches is, I think, quite at variance with the facts, and certainly quite opposed to the true interest of any bank. Hundreds of the largest bank credits in Canada are granted at places far from large cities and where it would be quite impossible for a local bank to grant any important percentage of the credit required. Doubtless there are many men in Canada who have tried to start ventures in small places, who feel sure that had there been a local bank with its board to appeal to they would have succeeded. They do not consider the far greater number of men with uncertain ventures who have been refused loans by banks in the large cities. The Canadian bank wants practically all the good business it can secure, but in a time of rather rash inflation the judgment of the bank is apt to be too conservative to please the public, although perhaps not always conservative enough to secure safety.

"There is one respect in which the possibility of the branch of a Canadian bank being able to serve its community better than a bank in the United States, should be specially referred to. A Canadian bank is a great clearing house into which its deposits from all Canada pass and out of which its loans to all Canada are taken, without any effort being necessary to transfer the surplus money in one locality to another locality where there is a surplus in loans over local deposits. Thus if the branch manager establishes a credit for a new industry it is not necessary that he shall find the money at home, and in fact in

many cases this could not be done. The surplus money in many localities in the United States finds employment through the efforts of note-brokers who have undertaken to find money for ventures which cannot be secured where the ventures exist. Certainly the transference of surplus lending capital from one place to another is done more readily under our system, and I think it is fair to conclude that we have better machinery for lending the money securely and for dispersing it fairly as to localities, than by working through note-brokers."

* * * * *

"In Canada deposits are gathered by four classes of institutions; 1, The Chartered Banks; 2, Special Savings Banks; 3, Mortgage Loan Societies; 4, Government Savings and P. O. Savings Banks. The total is very small as compared with the United States but in December, 1911, it amounted to \$1,-160,449,925. The percentages gathered by the four classes of institutions are as follows:

1. Chartered Banks	89.6
2. Special Savings Banks	3.3
3. Mortgage Loan Societies.....	2.2
4. Government Savings	4.9

100.

"It will be seen that the chartered banks hold about ninety per cent. of the deposits and these are not to any extent deposits in one bank from another, but are essentially the deposits of the people and their industrial institutions. Such a large percentage of the total deposits has been secured by having in each branch of a bank a savings bank department, so that while the Canadian bank is as unwilling as a bank in the United States to pay interest on an ordinary account, it is willing to take any deposit literally from one dollar upwards upon the terms of its savings bank department and pay interest thereon. Because of

this there are only two important savings banks of the ordinary type in Canada. These are in Montreal and Quebec, and serve mainly Canadians of French origin. For similar reasons the deposits with the two kinds of savings banks carried on by the Government have increased only forty-five per cent. in twenty years while the deposits of the chartered banks must have increased 560 per cent. I think, therefore, that it must be admitted that with the savings bank departments, through which the small depositor in a remote village may secure the obligation of a great bank, and the branch system as applied also to lending money, we have created a most excellent public service for the securing of loanable capital and its equable distribution."

"Much more might be said as to the service performed by the banks for the development of the two countries. The question of an adequate and sufficiently elastic supply of currency is certainly as important as anything I have dealt with, but all that I could offer has been said so often, and there are so many papers on the subject in our bank libraries, that I am sure it is best to refrain.

"My main purpose in addressing you is to urge—not merely because modern democracy is sure to demand it but because from any point of consideration it is the wisest course—that we bankers in the study of whatever reforms are necessary in the respective systems under which we work, think of our business as a more or less public service for the conduct of which we are somewhat responsible to the community in which we live as well as to our shareholders. Oddly enough while I was preparing this paper I found the following from the introduction by Prof. Foxwell to the English edition of Prof. Andréadès' 'History of the Bank of England.' Prof. Fox-

well had in mind banks of national importance, but the text will apply in some sense to all of us and with it I will close.

"In modern times the public or national character of a bank is mainly important in so far as it may be a guarantee that the bank will safeguard public interests; that is to say, will realize that its chief duty is to the business world rather than to its shareholders, and its chief purpose to maintain financial security and stability rather than to make profit."

We hope at another time to discuss in these pages some of the points made by Sir EDMUND WALKER, especially those relating to certain features of the Canadian banking system. It seems that our State and national banks would find it advantageous to study the successful methods of the Canadian chartered banks in caring for savings deposits.

THE FIRST DUTY OF BANKERS.

By W. P. Sharer, Former President Ohio Bankers' Association.

WHILE I am firm in the belief that this Nation possesses sufficient brains and patriotism to successfully combat and surmount any danger of difficulty with which it may be confronted, we may pass through some trying times before these questions are permanently settled and it behooves us as wise and prudent bankers to have our affairs well in hand and to counsel our clients and customers that economy and conservation should be the policy of the immediate future. These thoughts bring to mind the watchful care which the modern bank official has at all times for the welfare of his customer. All honor to the minister, the doctor, and the lawyer; but I can say without fear of successful contradiction that it is the banker who in the last analysis is found

more loyal to his client than is any other business or professional man.

Let your first thought and motto be fidelity to your duty, and your first duty is to your depositor. We are all in business for gain and your shareholders will rightfully expect and demand reasonable dividends on their capital, but if at any time in your experience a condition confronts you where some one interest must be sacrificed for the preservation of another, let your decision be in favor of the protection of your depositor.

Fidelity to your trust—to those who have given their savings and capital into your keeping—should always be your first consideration. Obey both the spirit and letter of our banking laws, for each year of your experience teaches you they have been wisely made. Remember that your first duty is absolute safety and that most frightful of all modern financial tragedies, a bank failure, will never be laid at your door.

A PROFITABLE WAY OF HANDLING BANK ADVERTISING.

By F. W. Ellsworth, Publicity Manager Guaranty Trust Co., New York.

A COMMERCIAL bank in the Middle West about six years ago came to the conclusion that the best results from the money it was expending for advertising and for soliciting new business, could be obtained only by designating some one person to take charge of the work. And so a clerk who had been in the institution for several years was appointed to that position. Prior to that time the advertising and soliciting had been done in a more or less haphazard manner by the officers, no one particular person having exclusive supervision. The change proved a wise one. Not long ago I was shown an annual report prepared by the clerk in question, which exhibited a total of over \$2,000,000 in new business which could

in large part be traced directly to the efforts of his department. He explained to me that for the four years he has been in charge of that work, as a result of the different forms of advertising which he employed, the total amount of new business which had come to his bank in that period was over \$9,000,000. Of course, this was a bank in a reserve city and it had large deposits to begin with, but in my judgment there is no reason why a relatively successful report might not be made by the advertising man of a much smaller institution.

CONSOLIDATION OF BANKING CAPITAL.

*By Fred I. Kent, Vice President
Bankers Trust Co., New York.*

AS THE assembling of funds by the banker in the small community and the extension of credit based upon them was found to be beneficial to all, so has the assembling of portions of the funds so collected in greater institutions been valuable to the whole country. The principle is recognized in business and in law that a proper ratio must exist between the total capital of any banking institution and the amount of credit which it may extend to any individual borrower. Banks of large capital and deposits have been able to make loans of large amounts which have been conservative and fair to those whose money they are investing, because they are in proper proportion to their resources. These loans have enabled our huge industries to give employment to millions of our people and provide all with comforts and conveniences of life not otherwise possible. If we would continue our progress, there is no question but that we shall have to have a greater consolidation of banking capital than exists to-day. We are behind practically all of the other civilized countries of the globe in this respect in proportion to our business, and it is

partly on this account that the bulk of our foreign trade is financed by European bankers.

"INVESTMENT BANKERS" AND "BROKERS."

*By Warren S. Hayden of Hayden,
Miller & Co., Cleveland, O.*

THE substantial object of the investment bankers seems to be to distinguish their business from that of brokers. It is not that they think ill of brokers, but that it promotes their market influence to have it known that they own what they offer and that they thus take the first risk in what they recommend to their customers. Brokers, of course, do not do this, for by definition a broker is an agent and buys and sells for the account and risk of others. All honest people will agree that the name under which any set of men do business should not be misleading, or should mislead as few as possible. Probably no one would be injured if investment bankers always used the word investment in their designation, or used the word banker in connection with subject matter which discloses the real nature of the business.

SAFEGUARDS IN BANK ACCOUNTING.

*By Hon. F. E. Baxter, Superintendent
Ohio State Banking Department.*

IT is being demonstrated more and more that the loose-leaf system has quite as many disadvantages as it has conveniences. It does not require a very high degree of shrewdness on the part of a bookkeeper to manipulate the loose-leaf or card. He can remove such leaf or card from the box or binder on a moment's notice and can thereby very easily deceive the most careful and far-seeing examiner. You bankers should remember that the State does not equip its department

with facilities for making an audit of a bank's books. If it did it would have to provide instead of twenty people which the department now has, something like two or three hundred, and at a correspondingly increased expense to the taxpayer. You should therefore make the discipline in your bank such as would throw around your accounting every possible safeguard

against peculations by employees. And while it is not perhaps within our province, it seems to me that in many instances a readjustment of the wage scale of bank employes on a basis which would permit of their living within their income is a thought that is at least worthy of your careful consideration.

THE SUB-TOTAL

By Chas. P. Schumacher

TO the man who works in a bank there is nothing of more general help than the proper and frequent use of the sub-total. Yet the short-cuts to be derived from its use are not taken advantage of nearly so often as might be expected. Wherever there are columns of figures to be added and verified, the introduction of a sub-total will always help in locating an error, whether in the passbook, remittance, or ledger.

Why should not the clerk who deals exclusively in figures divide his work into sections, separable by unobtrusive sub-totals? Does not the teller do that self-same thing when he puts the currency up in packages of fifties, hundreds and five hundreds, and also when he stacks and wraps the coin? If he did not, where would he be when he strikes and finds that he is plus or short? At best he would be where he was when he started to count the money, for there would be nothing for him to do but go over the entire lot of currency and coin with the chances of making another error different from the first. When the money is put up in packages, each package can be tested individually.

If the teller's difference had been a shortage of five dollars, and in going over the packages which he has put up he discovers one which lacks five of what it should be, he will go no farther, because he knows the error,

which affected his grand total, is confined to that one particular bunch. Now, between adding figures and counting money there is a great similitude. The former is the summing up of abstract things and the latter the summing up of concrete things.

The sub-total, in most cases, though, serves a purpose which is beyond the good which a teller derives from his currency bands and coin wrappers; and that is, confining an error to a certain group of figures before these have been recounted. It is for this latter help that the use of the sub-total should never be disregarded in balancing pass-books and in writing up the remittance letters.

IN BALANCING THE PASS-BOOK.

Suppose you are balancing pass-books and it is the thirtieth day of the month when the books come in as thick as flies on a rainy day. What will you do with the book that has several pages of deposits and a thousand checks? If you are sure that the ledger is correct as to that particular balance you want, and that the deposits were entered correctly in the pass-book, and in addition to this that you will make no error in running up the checks on the adding machine; well, then, I say forget all about sub-totals, and do not lose any time in forgetting about them, either.

If, on the contrary, you do not pre-

tend to be infallible, which, then, is the best way to go about your work? First, take a quick glance at your checks. The size of the pack will give you a clue to the number of minor totals that will be handy. A hundred checks to go over in looking for an error are more than enough. Accordingly, make ten sub-totals in listing your checks; that is, one for every third day if the book was last balanced at the first of the month. This can easily be done if the thousand checks are divided into ten small stacks arranged with respect to the dates perforated into them by the cancelling machine.

Now for the deposits. It is probable they are not so many. So in adding them it will not be necessary to make minor totals quite so frequently as with the checks. But those that are introduced should be made to correspond as to their dates with those made in the check list.

This being done, you are ready to strike; and suppose that on doing so you discover between your balance and the bookkeeper's a discrepancy of ten dollars. Go immediately, then, and strike a balance for the fifteenth of the month which can now easily be obtained by means of the sub-totals. Should you be ten dollars short on that day, you will at once see that the error occurred within the first half of your work. By continuing in this way you can trace your mistake down until you know it is located somewhere within three days' work. Rounding up errors by this method dissipates most of the terrors that accompany the balancing of a pass-book that has a lot of checks against it.

IN WRITING UP THE REMITTANCES.

In short letters, sub-totals are not of much value. But in letters of three, four, five or more pages the assistance to be derived from their use is not to be spurned. It is easy as you go along in your work of recording the foreign checks, to cross them in stacks to correspond with the letter sheets. Then in listing them on an adding machine

to verify them; a sub-total made after each pack will show an error to be in this or that sheet. The time to find an error thus located is considerably reduced.

IN THE SIMPLE ADDITION.

A minor total is of advantage even in making an addition and not only in proving it. Where the columns are long, probably you will have something more to carry to the next column than a nine; and everybody knows there is more likelihood of error when you carry some such number as twenty-one than when you carry some such number as three or four.

That is one reason for using the sub-total in the simple addition where we have no amount given for verification. But there is also another reason; we wish to feel sure that we are correct and we verify the addition by making the calculation in the opposite direction from our first. Here the sub-totals, like the teller's currency wrappers, allow us to do the task in sections.

CONCLUSION.

Some persons may try to bring objections again the frequent use of the sub-total by saying that it is a nuisance; that it entails extra labor; or they may say "it is confusing." Let the clerk who sees it in this light calculate how much time is saved in checking over a list of one hundred items instead of a thousand items. Let him also consider how easily a sub-total is distinguished from other figures close to it.

If you are working on an adding machine you can make your sub-totals in the twinkling of an eye; if you are working with pen or pencil a digit is jotted down while the eye runs over the next column and the mind calculates it. Practically no time is lost.

The difficulty of distinguishing the minor totals so that they will not be confused with other figures is a matter that is readily disposed of. If the column we are adding is down in ink, it is likely that we will make our foot-

ings in pencil; if the column is in pencil we can easily designate the sub-total as such by making its digits rather small; if we make the addition on an adding machine the difficulty is still less, for the sub-total is then distinguished by the extra elbow-room it requires or an asterisk or some such badge pinned to its lapel.

We do not have to bring as many

sub-totals into a column as there are figures in it; and as long as we use judgment in introducing it we believe that we shall find it to be a means of efficiency. It is indeed a little thing, but it may save a good many seconds each day.

The sub-total is small and unobtrusive. But don't neglect it. It's always ready to help you.

KEEPING A RECORD OF THE PAYMENT OF TAXES AND ASSESSMENTS ON MORTGAGE LOANS

By Arthur A. Ekirch

A MATTER of much importance and one which needs careful watching is the keeping of a correct record of all unpaid assessments and taxes on property mortgaged to the bank.

It has been said that a mortgagor who pays his interest on the due date, or a few days in advance, needs little watching in regard to the payment of his taxes. While this is true in some respects, it is quite the contrary in numerous cases.

For instance: A mortgagor will oftentimes pay his interest promptly, also his water tax, but when a tax search is presented to the bank it will show that assessments and land tax are still unpaid. Another mortgagor will pay his taxes, assessments and water bills when due and hold up the payment of interest on his mortgage until the expiration of the usual thirty-day clause. Still another will entirely overlook the payment of taxes and call at the bank a month in advance and ask if he may pay his interest, stating the thought of owing money worries him.

Some mortgagors mean to do right, but are careless in regard to business matters. Others look upon the mortgagee as a money monster ready at

all times to swing the foreclosure club over their heads.

A letter from the bank's attorney, in which he threatens to foreclose on the mortgaged property unless settlement is made, usually brings the mortgagor to his or her senses and brings about hasty payment of liens.

Some banks allow their mortgagors sixty days in which to pay their taxes and assessments, while others allow ninety days; in all cases, however, a clause is placed in the mortgage which reads:

"It is hereby expressly agreed that the whole of said principal sum shall become due at the option of the said party of the second part after default in the payment of any installment of principal or interest for thirty days, or after default in payment of any tax or assessment for sixty days (or ninety days) after notice and demand."

Most banks who handle a large number of mortgage loans, make arrangements with one of the title companies to furnish them with tax searches on premises on which they hold a mortgage. After this information is obtained, the next important step is to notify the mortgagor of all liens recorded against his or her property as shown on the tax search. A

form something after the following will be found a satisfactory means of notification.

Mortgage No. 3571.

NEW YORK, September 1st, 1911.
NORTH SIDE SAVINGS BANK,
3230 THIRD AVENUE.

Mrs. James Forgettopay,
No. 1907 Grant Boulevard,
New York City.

DEAR MADAM:

In our tax searches we find recorded against the property mortgaged to us the following liens:

Unpaid taxes on lots 45 and 46.....\$178.75
Unpaid Croton water for 1911..... 14.00
Unpaid assessment for grading street 95.00

It is necessary that this matter be promptly attended to and receipted bills sent to the bank for entry.

Yours truly,

WILL WATCHUM,
Secretary.

Section No. 10. Block No. 2609. Lot
Nos. 45 and 46.

Remarks:
.....
.....

After the taxes and assessments have been paid by the mortgagor, the receipted bills are demanded by the bank and record of their payment made upon the books or cards used for such data.

In cases where the mortgagor fails to respond to the first notice, a second is sent and if no attention is given to the second request, the matter is turned over to the bank's attorney.

Where the amount of the mortgage loan is only fifty per cent. of the appraised value of the premises the question of a year's taxes or a few assessments does not affect the bank's liability to any great degree.

Where the loan is up to the sixty per cent. limit, the non-payment of taxes and assessments, together with a large rate of interest charged by the city on unpaid bills, increases the liability materially, oftentimes raising a sixty per cent. loan to seventy per cent. and over.

From the above it can be seen how important it is that proper record be kept of all unpaid liens affecting mortgaged property and the absolute necessity for following up such matters until payment is made.

Following are a few provisions taken from Chapter 447 of the New York Laws of 1908, in relation to taxes, assessments and water bills:

1. Each year's taxes are due and payable on the first Monday in October, and all taxes become liens on the day due and payable.

2. The Commissioners of Taxes and Assessments have power to correct an erroneous assessment on real estate before the collection of the tax; but application therefor must be made to these commissioners within one year from the time the tax books are delivered to the Receiver of Taxes for collection.

3. If any tax is not paid before the first day of November, interest is charged at the rate of seven per cent. per annum from the first Monday in October. Taxes are payable without penalty from the first Monday in October to November 1, in each year.

4. On the first day of May in each year the regular Croton water rents become a lien. On August 1 five per cent. penalty is added to unpaid water charges. On November 1 an additional charge of ten per cent. is added to all unpaid water rents.

5. Whenever any tax or assessment shall remain unpaid for three years, or any water rent shall remain unpaid for four years, the tax lien on the property will be sold to satisfy such arrears of taxes, assessments or water rent.

PHILIPPINE TREASURY RICH

TEN million dollars in net profits on silver coinage, sale of drafts and interest on gold reserve deposits is the record of the Philippine Treasury for the last eight years, according to a statement of the Bureau of Insular Affairs.

Modern American financial methods were introduced in the Philippines just

eight years ago, and since that time the profits have reached a total amounting to more than forty-five per cent. of the outstanding circulation.

Reserve for the maintenance of the gold standard, having climbed to forty-six per cent., is to be reduced to thirty-five per cent., to meet the excess in the Treasury.

CONFIDENCE A VALUABLE ASSET

By Duncan Francis Young

THE most valuable asset a bank can possess is confidence. Without confidence financial backing is valueless. A bank may have a chain of forty banks to finance it, but without the confidence of its depositors its main artery is severed, for the bank's very life is its deposits.

A bank is established for the two-fold purpose of making money and accommodating its patrons. It makes money by lending at interest its capital and part of its deposits to its patrons. It accommodates its patrons by taking care of their money and making loans to them in proper amounts and upon approved security.

The manager of a bank must so conduct his business as to make a reasonable profit for his stockholders. In doing this he must not jeopardize the interest of his depositors by tying up too much of his depositors' money in loans that cannot be readily realized upon.

During a banking experience of many years I have found that a line of well-secured loans from two to four times in excess of the capital stock is a safe limit to take and an ample margin upon which to pay banking expenses and pay stockholders a liberal dividend.

If a bank is unprepared to meet some unusual demands of its customers

in the way of making short-time loans or paying checks against deposits its condition may create a demand by the depositors for their money. Failure to meet immediate demands brings about a failure of the bank and a consequent disturbance of business conditions in the territory of that particular bank. In clearing-house centers, of course, it is a rare thing that solvent banks fail, for other banks come to their rescue. Under such conditions a more extended line of loans may be made than it would be safe to make in an interior bank. But the interior bank should always be in position to lend a little more and be prepared to meet more than usual demands of depositors.

The manager of a bank creates or disturbs the confidence in that particular bank by the handling of these two questions. Carefulness in the handling of securities and judgment in the amount of the bank's resources to be placed in loans are the source of confidence that is reposed in the managers of a bank by its patrons. A bank should always endeavor to use that judgment and that carefulness that would merit the confidence of its customers. With this confidence, "runs" may be successfully withstood, even though the bank should have no great amount of financial backing.

VOTING TRUST FOR BANK STOCKS

IT was announced recently that the Broadway Trust Company of New York had created a voting trust, operative until May 1, 1917, giving to certain officers power to manage the affairs of the institution.

The principle of a vote for every share is by no means universal as applied to banks. In some countries but one vote is allowed for each shareholder, irrespective of the number of shares

held; and again the proportion is sometimes fixed at a certain ratio, and it may be provided that beyond a number of shares held, no additional voting power is conferred.

Some of the strongest and best-managed banks and trust companies in New York have established the voting-trust system. The result of this has been to insure safety and stability of management.

CURTIS AND COURTESY

By James P. Gardner

"**N**OW, Curtis," said the cashier to the new man on the correspondence work, "there's one thing you must always bear particularly in mind in the department. I want you to be courteous in all your letters no matter how small the account is or how unimportant the subject may appear. I want your reply to the small banker, for example, to be as courteous as if it were a matter of importance that you are considering. The motto of our bank, you know, is 'Courtesy is the keynote of our success,' and don't forget that it was chiefly on account of the brief, terse letters that Jones sent out that I have made the change, and put you in charge of the department."

Curtis took hold of his new duties with vigor. True, he had not had much experience in letter writing, having been in the tellers' department practically all his life in the bank, but what he lacked in experience he more than made up in zeal, and soon it became necessary to engage an additional stenographer to relieve his exhausted typist.

One morning, as the cashier passed the correspondence department, he noticed a smile on the stenographer's face, and pleasantly asked her the cause of her amusement. Reluctantly she handed over a letter from an interior bank in Iowa which to be appreciated must be read:

B. Curtis, Esq., Manager, Correspondence Department, First National Bank.

DEAR SIR: We are exceedingly obliged for your letter of the seventh and appreciate very highly the interest that you have taken in our recent request for the purchase of a diamond ring for our president's daughter, Miranda. We knew that it would be entirely agreeable to execute the little commission. Just yet Miranda can't just seem to make up her mind what ring she would prefer to keep, and as we see that it will not inconvenience you in any way, we are taking the liberty of holding them until the young lady decides.

Your truly,

SQUIRES GAUL, *Cashier.*

"What's this all about. Miss Parsons," asked the astonished cashier, as

he looked over towards Curtis beaming for the benignant word. "What's this anyhow, Curtis?"

"Yes, sir; it's a little favor we are doing for the First National Bank."

"How much of an account is it?"

"They don't keep an account, but I thought we might be able to do some business with them. You see they saw our advertisement and wrote in thinking we were just the bank to do them the favor."

"And how many more of these have you?" inquired the cashier dryly. Curtis triumphantly picked up a mass of correspondence.

"Here's one from a bank in Oklahoma that wants us to buy a piano; then there's a bank in South Dakota that sent on several pawn tickets and asked us to get the things out of pawn, and forward them. The runner is out now gathering them. Then we have a nice letter from a Kansas bank, which I haven't read as it has just come in—it's from a good account of ours, the Farmers National Bank."

But this letter too must be read to be appreciated:

B. Curtis, Esq., Manager, Correspondence Department, First National Bank.

DEAR SIR: We always thought that New York folks were hard and cold and money grabbers, but since we received your courteous letter of the fifteenth we are inclined to think that we were mistaken. It is real kind of you to take so much time to talk about the hogs and the corn crop and Bill Weymouth's sprained ankle; but it does seem to us that any bank that can take the time to write such fool letters about other people's business isn't just the correspondent the "Farmers National" wants, so we will just draw on you for our balance and quit.

You will be pleased to hear that Mary is recovering from the measles and Uncle Jerry's rheumatism is quite a trifle better, and to-morrow the circus is coming to town.

Curtis is back on a ledger, and a correspondent less zealous is now in charge of the department.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

COLLECTIONS

NEGLIGENCE—DELAY

Supreme Court of Oklahoma, May 14, 1912.

BANK OF COMMERCE VS. INGRAM.

Where the payee of a check drawn on a bank presents the same to another bank for collection, which bank gives him credit therefor on his passbook, the relation of principal and agent arises, and it is the duty of the agent to exercise reasonable care and diligence to make the collection; and its failure to do so renders it liable for any loss its principal may suffer thereby.

THIS action was brought to recover damages for the alleged negligence of the bank in this matter of two checks deposited with it for collection.

KANE, J.—(Omitting part of the opinion): Under the rule laid down by this court that it will not weigh the evidence or disturb the findings of the trial court, where there is evidence reasonably supporting the judgment, we must take the plaintiff's theory of the case as established. He testified that he deposited these checks for collection as he would any other checks; that the cashier gave him credit therefor on his passbook, pending collection; that no notice of nonpayment was given him until about a month after the gin company failed, and many months after the checks were deposited for collection. The general rule is that when the amount of a check, left with a bank for collection, is credited to a depositor as cash, it may be charged back to him, in case it turns out to be worthless, unless the bank has been negligent, or has done something to mislead the depositor into acting, to his injury, on the faith of its goodness (Bank of Big Cabin vs. English, 27 Okl. 334, 111 Pac. 386.)

The evidence shows that the Muskogee Gin Company was solvent and paying its obligations for several

months after the plaintiff's checks were deposited for collection; and there is very little doubt that if the plaintiff had known the checks on the Bank of Porum were not collected he could have secured checks, in lieu thereof, drawn on the Bank of Commerce, which would have been paid on presentation. The bank's failure to collect the checks was not known to Ingram until eight or nine months after he deposited them for collection, and his account was not charged back with the amount thereof until twelve or thirteen months thereafter. The relation of principal and agent existed between plaintiff and defendant, and it was the duty of the agent to exercise reasonable care, skill and diligence to make the collection; and its failure and neglect to do so render it liable to Ingram for any loss he may have sustained thereby. (Hobart Nat. Bank vs. McMurrough, 24 Okl. 210; Bank of Big Cabin vs. English, 27 Okl. 334, supra; Mechem on Agency, §§ 511-518; Daniel on Negotiable Instruments [fifth edition] §327, p. 334).

As we view it, there is but one question for determination, and that is whether the bank was negligent in the duty owed the plaintiff. We think there was sufficient evidence to sustain the finding of the court below on that question.

TRUST COMPANY

DISCOUNTING PAPER—ULTRA VIRES— AGREEMENT TO RENEW

MUTUAL TRUST COMPANY VS. STERN.

The discounting of commercial paper is a function of the directors of a bank and cannot be delegated to a single officer.

When a trust company has discounted a note for the maker and he has received the money thereon, he cannot defend upon the ground that the trust company was without power to make such a discount.

THIS was an action upon a promissory note made by this defendant to his own order, and indorsed and delivered by him to the Mutual Trust Company. In his affidavit of defense the defendant set up (1) an agreement to renew and (2) that the discounting of the note by the trust company was *ultra vires*.

MESTREZAT, J.—(Omitting part of the opinion): The discounting of commercial paper is a function of the directors of a bank and cannot be delegated to a single officer. (Bank of United States vs. Dunn, 31 U. S. 51; Stewart vs. Huntingdon Bank, 11 Serg. & R. 267.) The averment that the plaintiff agreed to extend the time of payment and renew the discounted notes is insufficient in not stating with whom the agreement was made, or that the party who made the alleged agreement was invested with the authority by the bank to make it. It is not sufficient for the defendant to aver generally an agreement between him and the plaintiff corporation to renew the paper. He must set out the facts so that the court, and not he, may determine the existence of the agreement.

The defense of *ultra vires* to the note in suit cannot be sustained. It is rather singular that it should be interposed under the facts of this case to defeat a recovery on the note. The defendant received the money and has applied it to his own use. He now alleges that the plaintiff company had no authority to make the loan in suit, and avers the wholly inconsistent defense that in pursuance of its agreement the company must continue to exercise powers which it does not possess by renewing the note in suit and making additional loans aggregating \$4,000. If the plaintiff had no authority to discount the note in suit, it clearly cannot renew the note or grant an additional loan. Aside from this consideration, however, the defendant, having received the money on the discounted note, is not in a position to question the authority of the plaintiff to make the loan or to discount the paper. The defendant has received

the benefit of the contract, and he cannot now deny the authority of the plaintiff to make it. Having the proceeds of the note in his pocket, neither the law nor common honesty will permit the defendant to avail himself of the plea of *ultra vires*.

In *National Bank vs. Matthews*, 98 U. S. 621, 629, Mr. Justice Swayne, announcing the uniformly accepted doctrine on this subject, says:

"Where it is a simple question of authority to contract, arising either on a question of regularity of organization or of power conferred by the charter, a party who has had the benefit of the agreement cannot be permitted in an action founded upon it to question its validity. It would be in the highest degree inequitable and unjust to permit a defendant to repudiate a contract, the benefit of which he retains." Under the facts of this case, the State, and not a private party dealing with the company, may call the latter to account for exceeding its corporate powers.

DIRECTORS

LIABILITY—FALSE REPORTS—PURCHASER OF STOCK—NATIONAL BANK ACT.

United States Circuit Court of Appeals,
Sixth Circuit, March 5, 1912.

CHESBROUGH ET AL VS. WOODWORTH.

The making and publishing of reports of national banks are not merely for the information of the Comptroller, but are to guide so much of the public as may have occasion to act thereon; and a person who buys from another stock in the bank in reliance upon a false report of its condition and suffers damage thereby, has a right of action against any officer or director who knowingly or falsely authorizes such report.

The damages in such a case are personal to the plaintiff, and he sues in his own right and not for the bank.

The directors are not exonerated solely because they acted in good faith in making the original loan; nor are they liable merely because they negligently made or permitted to be made reckless or bad loans, or negligently failed to collect loans that were collectible, or because with diligence and care they would have known that loans, reported

as assets, were bad, but the sole primary issue is whether the directors caused or permitted to be made a statement of the bank's condition, upon which statement plaintiff relied to his injury, and which statement they knew was materially false.

The liability of the directors in such a case is several, and the plaintiff may arbitrarily select one as sole defendant or two or more to be joined as defendants.

When the foundation of the suit is the non-action of the board and such wrongful non-action appears, the individual responsibility of any director rests upon the question whether he participated in or assented to the wrongful inactivity by failing to make reasonable personal efforts to induce the proper action.

THIS was an action against two of the former directors of the Old Second National Bank of Bay City, Mich., to recover money paid by the plaintiff for stock of that bank which he had bought in reliance upon the reports of the bank signed by these directors.

Before Warrington, Knappen and Denison, circuit judges.

DENISON, Circuit Judge—(Omitting part of the opinion): In such a case as this, the making of the report, its attesting by the directors, and its publication do not constitute the underlying wrong. They make only the means of representation to plaintiff—the medium of necessary causal relation between wrong and damage. Under what is said to be the universal practice of national banks in making such reports, and under what the undisputed testimony shows to have been the regular practice in this bank, the making and publishing of the reports were the automatic results of the book-keeping. Whatever the books and the daily statements showed the resources to be appeared as resources on the report. If a line of paper was carried at its face among the "loans and discounts" on the books, it would normally appear at that same amount in every one of the five reports in each year. Both defendants knew this. It follows that it is not important whether each did or did not attest each report (except so far as plaintiff's conclusion to buy might rest on the presence of a particular name at the foot

of the report plaintiff saw). All directors who participate in and approve a long-continued carrying on the books, among the loans and discounts, of a line which they know is worthless, and in amount sufficient materially to affect the standing of the bank, are bound to know that under the practice prevailing in this bank such worthless paper will become an element of the published reports, and that these reports will in so far falsely represent to the public the bank's condition; and so, in a fair sense, such director permits the making of a report which is a violation of the act. Hence his primary duty here involved, and a breach of which causes a violation of the statute, is the duty to charge off assets which have become worthless.

This duty to charge off is, it is true, that of the board as an entity; but, as above stated, when the duty is wholly unperformed by the board, an individual director who was engaged generally in the performance of his functions may, nevertheless, be individually liable because of his participation in the failure to act. Nor is this duty an absolute one, arising definitely as to each piece of paper the moment its collection becomes impossible. A failure to charge off a thousand dollar note after the directors know it is uncollectible, and in a bank with a million dollars of assets, could not support such an action as this. There must be a reasonable margin of honest discretion as to the amount of paper which the board may carry after it has become presently uncollectible. This will depend upon the state of the "undivided profits" account, upon the amount of assets which have been written off but which are thought to be good, and perhaps upon many other circumstances. There must also be a reasonable time for consideration after a debtor has become unable to pay, and the directors know his paper is, in a strict sense, then worthless. How much, if any, of this paper should still be carried as an asset and for how long will depend upon his moral character his prospects for recouping his

losses, etc. Here, again, an honest discretion must be used. Speaking as we are of that duty to unknown persons among the public, the breach of which will support this action, we cannot make a more accurate formulation than to say that the duty to charge off arises when, and so far as, the directors know they are carrying uncollectible paper beyond that reasonable amount and beyond that reasonable time permitted by an honest exercise of their official discretion. In other words, it arises when they know that longer carrying will, through the medium of regular reports or otherwise, normally result in substantially misleading the public as to the net value of the bank's assets.

ACCOMMODATION MAKER

EXTENSION OF TIME—EFFECT OF—CONSTRUCTION OF NEGOTIABLE INSTRUMENTS LAW.

Supreme Judicial Court of Massachusetts,
May 27, 1912.

UNION TRUST COMPANY VS. MCGINTY.

Under the provisions of the Negotiable Instruments Law, an extension of time given to the person for whose accommodation a promissory note was executed, will not discharge the accommodation maker, even though given without his consent. As the Negotiable Instruments Law was drafted for the purpose of securing uniformity of law in the different States, it should be liberally construed so as to secure that end, and care should be taken to adhere as closely as possible to the obvious meaning of the words used without resort to the law as it existed before the adoption of the act.

Rugg, C. J.:—The single question presented in this case is whether the accommodation maker of a promissory note is discharged, if the holder, knowing that the note was made for the accommodation of the payee and indorser, by agreement with the indorser upon a valuable consideration, without the maker's consent, extends the time of payment.

Before the enactment of the Negotiable Instruments Act (St. 1898, c. 533; R. L. c. 73, §§ 18-212) one who

made a promissory note for the accommodation of another was as between the parties a surety. The holder, who had knowledge of the true relation of the parties, was bound to act toward such accommodation maker as toward a surety in order to preserve his rights against him. Under such circumstances an extension of time to the person ultimately liable, without the consent of the surety, that is the accommodation maker, released the latter. *Guild vs. Butler*, 127 Mass. 386, and cases cited at page 389; *Jennings v. Moore*, 189 Mass. 197, 75 N. E. 214. The precise point is whether this rule of law has been changed by the Negotiable Instruments Act.

It is matter of common knowledge that the Negotiable Instruments Act was drafted for the purpose of codifying the law upon the subject of negotiable instruments and making it uniform throughout the country through the adoption by the Legislatures of the several States and by the Congress of the United States. The design was to obliterate State lines as to the law governing instrumentalities so vital to the conduct of interstate commerce as promissory notes and bills of exchange, to remove the confusion or uncertainty which might arise from conflict of statutes or judicial decisions amongst the several States, and to make plain, certain and general the controlling rules of law. Diversity was to be moulded in uniformity. This act in substance has been adopted by many States. While it does not cover the whole field of negotiable instrument law, it is decisive as to all matters comprehended within its terms. It ought to be interpreted in such a way as to give effect to the beneficent design of the Legislature in passing an act for the promotion of harmony upon an important branch of the law. Simplicity and clearness are ends especially to be sought. The language of the act is to be construed with reference to the object to be attained. Its words are to be given their natural and common meaning, and the prevailing principles of statutory interpreta-

tion are to be employed. Care should be taken to adhere as closely as possible to the obvious meaning of the act, without resort to that which had theretofore been the law of this Commonwealth, unless necessary to dissolve obscurity or doubt, especially in instances where there was a difference in the law in the different States. Approaching the act from this point of view, it is apparent that no relation of principal and surety is established or contemplated by any of its sections. It determines the liability of the various parties to the negotiable instrument on the basis of that which is written on the paper. The obligation of all makers, whether for accommodation or otherwise, is to pay to the holder for value according to the terms of the bill or note. Their obligation is primary and absolute. (Sections 77 and 208).

The act makes no provision for the proof of another and different relation than that expressly undertaken and defined by the tenor of the instrument signed. The fact that one is an accommodation maker gives rise to a duty no less or greater or different to the holder for value than that imposed upon a maker who received value. This is expressly provided by the act, even though such holder knew at the time of making that the maker was an accommodation maker. Section 46. The act further provides in definite terms that one primarily liable is discharged in one of five different ways (section 136); that is, by payment by the principal debtor, or by the party accommodated, by cancellation, by any other act which would discharge a simple contract, and by the principal debtor becoming the owner at or after maturity. There is no mention here of a discharge of an accommodation party by extension of time. But among the ways in which a party secondarily liable may be discharged is (section 137) an agreement by the holder to extend the time of payment or to postpone his right to enforce the instrument "unless made with the assent of the party secondarily liable or unless

the right of recourse against such party is expressly reserved."

Whatever force might attach to the enumeration of ways in which parties primarily liable might be discharged, if this provision stood alone, the inference arising from the omission of extension of time from such enumeration and its inclusion among the ways in which persons secondarily liable may be discharged is almost irresistible that the Legislature did not intend that persons primarily liable should be discharged in that manner. These two sections standing side by side, both dealing with the subject of discharge of liabilities of parties, the one mentioning, the other not mentioning, extension of time by the holder as a means of working discharge of liability, cannot be treated as accidental or without significance. It is strong proof of a legislative purpose to change the pre-existing law of the Commonwealth. The act establishes a liability on the part of an accommodation maker, which is not affected by an extension of time given by the holder to any other party to the note, even though as between such party and the accommodation maker a different relation may subsist in fact from that appearing on the face of the paper. The result is to render somewhat more rigid the rights of the parties as set forth in the written instrument, and so far as the holder is concerned to establish liability to him upon a firm basis, not easily shaken by parol evidence.

There is nothing inconsistent with this conclusion in *Enterprise Brewing Company vs. Canning*, 210 Mass. 285, 96 N. E. 673. The contention of the defendants there discussed concerned a relation of principal and surety between the payee and guarantor in an action between the two.

This appears to be the view taken without exception by the courts of other jurisdictions which have considered the point. In the interpretation of a statute widely adopted by the States to the end of securing uniformity in a department of commercial law, we should be inclined to give great

weight to harmonious decisions of courts of other States, even if we were less clear than we are in this instance as to the soundness of our own conclusion. (*Vanderford vs. Farmers' Bank*, 105 Md. 164; *Cellers vs. Meachem*, 49 Or. 186; *Wolstenholme vs. Smith*, 34 Utah, 300; *Bradley Engineering & Mfg. Co. vs. Heyburn*, 56 Wash. 628; *Nat. Citizens' Bank vs. Toplitz*, 81 App. Div. 593; *Richards vs. Market Exchange Bank*, 81 Ohio St. 348; *Fritts vs. Kirchdorfer*, 136 Ky., 643-650.)

Exceptions overruled.

"FOR COLLECTION"

NOTICE CONTAINING THESE WORDS—EFFECT OF.

Supreme Court of Wisconsin, June 4, 1912.

BANK OF BARABOO VS. LAIRD.

Where a bank has discounted a note in the regular course of business, the fact that upon given notice to the holder its officer states that the note is held for collection is not sufficient to show that the bank does not own the note.

THE action was upon a negotiable promissory note executed by the defendant to a corporation called the Great Lakes Portland Cement Company, which note was afterwards purchased by the plaintiff. The defense was that the execution of the note was induced by fraud; and that the plaintiff did not become the owner thereof in due course.

WINSLOW, C. J.:—Upon the trial, it appeared that the note was a three months' note, executed and dated Oct. 10, 1910; and the plaintiff's cashier testified that the same was purchased by the bank from the agent of the promisee in the regular course of business on the eighteenth of October for the face thereof, less a discount of seven per cent. for the time it had to run. There was nothing in the case tending to contradict or throw any serious doubt on this testimony, unless it be the fact that when the note fell due the bank sent a notice to the maker, stat-

ing that the note in question was at the bank "for collection," instead of stating that the bank owned the note. Testimony by the defendant to the effect that the assistant cashier of the bank made an oral request of the defendant to pay the note, in the course of which he stated that the same was at the bank "for collection," was ruled out, and a verdict for the plaintiff for the full amount of the note, principal and interest, was directed. Certain testimony tending to prove certain of the alleged fraudulent representations was received; but the court held that the testimony showed, without dispute, that the plaintiff was the owner in due course for value, and on this ground directed the verdict.

The ruling of the trial court was manifestly right. The note was bought over the counter of the bank in regular business hours at the ordinary rate of discount; and there was nothing in its appearance to indicate that it was anything more or less than an ordinary negotiable note, given by a business man in the ordinary course of his business. The fact that the bank notified the maker that the note was at the bank "for collection" cuts no figure. We suppose that such notices are sent out by all banks, whether they own the particular note in question or not. They are not inconsistent with ownership by the bank. There might, perhaps, be special circumstances surrounding a given case where such a notice or statement might acquire the significance of an admission that the bank was not the owner; but there are no such facts here.

ACCOMMODATION MAKER

EXTENSION OF TIME—NEGOTIABLE INSTRUMENTS LAW.

Kansas City Court of Appeals, May 13, 1912.

LANE VS. HYDER, ET AL.

Under the Negotiable Instruments Law an extension of time given to one joint maker of a promissory note does not dis-

charge the other maker, although he signed as a surety merely, and the extension was without his consent.

THIS was an action upon two negotiable promissory notes, executed by H. H. Hyder and J. B. Hyder. The latter defended upon the ground that he was for his co-maker, and that without his consent the bill for payment had been extended for a valuable consideration by agreement with such co-maker. The court below excluded the evidence offered to support this defence, and rendered judgment for the amount of the notes with interest:

BRADDUS, P. J.:—[1] It is the contention of appellant that the court committed an error in refusing to admit the evidence tendered in support of his defense. The notes were executed since the adoption of chapter 86, entitled "Negotiable Instruments," and the question is to be determined by a construction of said act. So far as we know, the question is a new one in this State. Prior to the adoption of said chapter, as it now stands, it was the well-settled law of the State that an extension of time of payment for a valuable consideration paid by the principal of a note without the consent of the surety operated to discharge the surety. Section 10,161 defines the status of persons connected with negotiable instruments. It reads: "Persons primarily and secondarily liable. The person primarily liable on an instrument is the person who by the terms of the instrument is absolutely required to pay the same. All other parties are secondarily liable."

Section 10,089 reads: "Negotiable instruments, when discharged. A negotiable instrument is discharged: (1) By payment in due course by or on behalf of the principal debtor; (2) by payment in due course by the party accommodated, where the instrument is made or accepted for accommodation; (3) by the intentional cancellation thereof by the holder; (4) by any other act which will discharge a simple contract for the payment of money; (5) when the principal debtor becomes the

holder of the instrument at or after maturity in his own right."

Section 10,090 reads: "A person secondarily liable on the instrument is discharged: (1) By any act which discharges the instrument; (2) by intentional cancellation of his signature by the holder; (3) by the discharge of a prior party, except when such discharge is had in bankruptcy proceedings; (4) by a valid tender of payment made by a prior party; (5) by a release of the principal debtor, unless the holder's right of recourse against the party secondarily liable is expressly reserved; (6) by an agreement binding upon the holder to extend the time of payment or to postpone the holder's right to enforce the instrument, unless made with the assent of the party secondarily liable, or unless the right of recourse against such party is expressly reserved."

[2] It is contended by appellant that after maturity of the notes they "ceased to be negotiable instruments," and that thereafter "anything done that would be a defense for, or operate as a discharge of, either maker of the notes, would be available the same as if the notes had never been negotiable." It is not true that a negotiable instrument ceases to be such after maturity. Section 10,017 provides that: "An instrument negotiable in its origin continues to be negotiable until it has been restrictively indorsed or discharged by payment or otherwise." Yet it is true that one who takes it thereafter takes it subject to all the prior equities the maker may have against the original payee. And we do not understand that after the notes became due the relation of the parties to the instruments under the statute was changed. Under section 10,161, *supra*, the appellant was primarily liable because he was absolutely bound to pay, and his obligation, in that respect, was equal with his co-maker.

The appellant relies upon the law as announced in *Morehead vs. Citizens' Deposit Bank*, 130 Ky. 414. A Mr. Morehead was indebted to the bank in the sum of \$750, which was evidenced

by his promissory note. At the instance of the bank, the maker's father signed a collateral note in a similar amount as security for the payment of the note of his son. Without the knowledge or consent of the father, the original note, for a valuable consideration, was renewed three or four different times. The holding is that the maker of the collateral note was prejudiced by the renewals without his knowledge or consent. In that case the maker of the collateral note was not primarily bound to pay the original note, but was secondarily bound to pay it, and stood discharged under subdivision 6 of said section 10,090.

In Ohio the statute governing negotiable instruments is like that of Missouri. It is there held that sureties upon negotiable instruments who are primarily liable thereon cannot be discharged other than as provided by section 3175j of the Ohio Rev. St.; *Richards vs. Market Exchange Bank*, 81 Ohio, St. 348. This section is the same as section 10,089 of our statute. An extension of time for payment does not, under said section, operate to discharge a surety primarily liable as it would under section 10,090 if the surety was secondarily liable. "A signer of a

joint and several promissory note is not, although known by the payee to be a surety, discharged under the negotiable instruments law by granting an extension of time to the principal debtor." (*Vanderford vs. Farmers' Bank*, 105 Md. 164. A similar conclusion was reached in *Bradley Engineering Co. vs. Heyburn*, 56 Wash. 628, by the Supreme Court of Washington. And such is the holding in *Wolstenholme vs. Smith*, 34 Utah 300.)

[8] The notes in suit at common law were joint obligations of the defendants; but by reason of the provisions of section 2769, R. S. 1909, they become both joint and several obligations, and, as such, created a primary liability. Such being the case, it is clear that the extension of time for the payment of said notes did not have the effect under the statute of relieving the appellant from liability. It is only in instances where primary liability does not exist, as in the Kentucky case, that an extension of time for payment releases the security. So far as we have examined, the courts of other States uniformly so hold.

Such being our view of the law, the cause is affirmed. All concur.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

NATIONAL BANKS — LOANS ON MORTGAGES — PURCHASE OF BONDS

BUTLER, N. J., August 27, 1912.

Editor Bankers Magazine:

SIR: Would you please inform me if national banks can invest in real estate mortgages, and are they limited to the amount of bonds they can purchase, and oblige?

CHARLES B. OGDEN.

Answer: (1) It is now well established that a national bank has no power to take a mortgage upon real estate as security for a contemporaneous loan. The authority to accept such security is limited to cases where it is necessary to do so in order to enable the bank to collect debts due to it. If

a bank has discounted a note upon the faith of the paper itself, and the paper is not paid at maturity, or if before it matures, the maker, or the person who negotiated it, becomes embarrassed, then the bank, acting in good faith, has the right to take a mortgage on real estate as security for, or in satisfaction of, the debt; but it has no power to take a real estate mortgage to secure a debt discounted at the same time, or to secure paper to be discounted thereafter, or to enter into an agreement at the time of making the discount that it will take a mortgage or conveyances of real estate in payment of the note. (*Bank v. Mathews*, 98 U. S. 621; *Fowler v. Scully*, 72 Pa. St.

451; Crocker v. Whitney, 71 N. Y. 161; Fridley v. Bowen, 87 Ill. 151.)

(2) The National Bank Act does not place any limitation upon the amount of bonds which may be purchased by a national bank, but, of course, such investments must not be out of proportion to the capital and surplus of the bank.

COLLECTIONS — PRESENTMENT — NOTE MADE BY TWO

COLUMBUS, OHIO, August 20, 1912.

Editor Bankers Magazine;

SIR: A note is left with us for collection, signed by A and B as makers. A is a merchant in this place, but B lives in a small village about ten miles from here. The note is dated at Columbus, but is not made payable at any special place. Under these circumstances, must we present the note to B or would presentment to A alone be sufficient?

NOTE TELLER.

Answer: The Negotiable Instruments Law provides that "where there are several persons not partners primarily liable on the instrument, and no place of payment is specified, presentment must be made to them all." (Rev. Stat. Ohio, sec. 3173 W.) Nor is presentment to B dispensed with because the paper is dated at Columbus. Where a note is dated at a particular place and no other place is designated as that of its negotiation and payment, the presumption is that the maker resides where the note is dated, and that he contemplated payment at that place. (Sasscer v. Stone, 10 Md. 98; Ricketts v. Pendleton, 14 Md. 320; Nailor v. Bowie, 3 Md. 251; Clark v. Seabright, 135 Pa. St.) But this is a presumption only, and if he resides elsewhere within the State, and this fact is known to the holder, demand must be made at the maker's residence or place of business.

SAVINGS NOT FOR CREDITORS

JUDGE HAZEL, in the United States District Court, at Buffalo, N. Y., recently handed down an opinion in which he holds that money saved by a housewife from her expense account cannot be seized by her husband's creditors.

Some time ago M. C. Simon filed a voluntary petition in bankruptcy, declaring that he was insolvent both as an

individual and as surviving member of the firm of Meyer & Simon of Rochester. Mrs. Meyer, widow of the deceased member of the firm, had \$4,000 in Rochester banks which she had saved from her allowance of \$75 a week for household expenses.

The referee decided that the money should go to the creditors. Judge Hazel reversed the referee's decision.

FARM CREDIT BANK

THE first farm credit bank in the United States will be opened by the Woodruff Trust Company of Joliet, Ill., with a capital of \$250,000. The company is formed by interests connected with the First National Bank of Joliet. The plan of operation will be similar to the Credit Foncier of France. It will loan money on farms through its various agencies scattered over Illinois on a plan whereby the farmer will not be compelled to pay renewal com-

missions. The plan also provides that the farmer may pay off a small amount of principal every six months. The company will issue collateral bonds, which will be its direct obligation placed with another trust company.

George Woodruff, who will be the president of the new company, with his brother, has conducted a three-years investigation of credit banks in South America and Europe and is modeling the local institution after these.

INVESTMENTS

Conducted by Franklin Escher

STOCKS AND TARIFF REVISION

By Byron W. Holt, of Warren W. Erwin & Co.

WHILE many big holders of stocks have a fairly definite idea of how their stocks will be affected by certain tariff changes, it is probable that most such holders have only vague ideas of what stocks will be unfavorably affected by tariff reduction. Consequently if, as is probable, there should be, in the next few months, heavy selling of stocks because of expected tariff revision, we may expect to see many stocks sold that will be favorably affected by lower duties.

In our opinion four industries will be benefited for every one that will be injured by lower tariff duties. This fact will have to be demonstrated in this country, as it was in England 60 years ago. Undoubtedly, however, many manufacturers who will be benefited by the change, now honestly believe that their business could not exist without high tariff duties and they, and others like them, may start a selling movement in industrial securities at any time. Should such a selling wave go far there will be opportunities for well-informed investors to obtain good bargains.

The stocks that will, perhaps, be most unfavorably affected are those of corporations producing sugar, steel, woollens, fine cottons, lead, rubber goods, paper, leather, glass, starch, machinery, tools, etc. The stocks that will, perhaps, be more favorably affected by lower tariff duties are those of corporations using sugar, steel, lead, glass, etc., as raw materials. The canning and preserving industries would flourish with cheap sugar, glass and tin plate. The railroads would gain immensely by cheap steel rails, structural steel, locomotives, lead, lumber, etc. The equipment companies would

gain by cheap steel, paints, etc. The implement and machinery manufacturers would gain by cheap steel, leather, paint, etc., though some of them might lose because of increased foreign competition as a result of lower duties on their finished products. The automobile manufacturers would also both gain and lose by the tariff change. Not only would all consumers gain by cheaper food, clothing and shelter, but employers of labor might gain indirectly from the fact that they would not be forced to advance wages quite as soon because of gold depreciation and its effect upon the cost of living. Ample tariff reduction would set back this effect several years in this country.

THE SUGAR STOCKS.

The present duty on refined sugar is 1.9 cents per pound. We consume about 4,000,000 short tons or 8,000,000,000 pounds. About half this amount is imported (raw) and pays a duty, and half is produced in this country, including Porto Rico, the Philippines and the Sandwich Islands. The 4,000,000,000 pounds produced inside of our tariff wall is protected by the duty, the total protection being fully \$70,000,000 a year. The most of this goes to the owners of cane and beet sugar lands. Hawaiian sugar lands have probably increased \$200,000,000 in value since they were taken inside of our tariff wall. Hawaii produces about 900,000,000 pounds of sugar a year. These lands and those in Porto Rico, the Philippines and in Louisiana and Texas (all cane sugar lands) are, perhaps, mainly owned by individuals and small corporations, so that the tariff protection is somewhat widely scattered.

To Increase Principal and Income

No form of Investment has proven more uniformly Safe and Profitable than the Shares of Gas and Electric Companies. The growth of the lighting business has been and is remarkable, the demand for Service is Constant and varies only to Increase.

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We offer a small block of Participating 5 per cent. Preferred Stock of a large Gas and Electric Company. This Stock has paid regular dividends at the rate of 5 per cent. per annum since July 1, 1907, shows earnings now amounting to more than Three Times the Dividend Requirements and is entitled to share equally with the Common Stock after the Common has received its 5 per cent. dividend.

We Recommend These Shares, as in our opinion a Safe Investment in which there is an unusual opportunity for Increase of Principal and Income.

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The beet sugar industry in this country, however, is largely controlled by two corporations—the American Sugar Refining Company (which controls about sixty per cent.) and the American Beet Sugar Company (which controls about twelve per cent.) of this industry. The total production of beet sugar last year was about 1,200,000,000 pounds. The total production on beet sugar, therefore, is about \$20,000,000 a year. Of course the greater part of this goes to the owners of the beet sugar lands—the most of which are probably owned by individuals.

It is probably true, as was stated on May 16, before the Chamber of Commerce of San Francisco, by John L. Howard, president of the Union Sugar Company, that

“Under an abolition of the sugar duty, the less favored domestic cane plantations and nearly all, if not all, the beet factories will stop, not immediately to be sure, but gradually. Rigid economy will be exercised, the farmers will be tendered lower prices for their beets, but in most instances these efforts to survive will prove ineffective.”

If the Democrats are in power next year they will probably reduce the duty on sugar from 1.90 cents to 1.30 cents or one cent per pound. They might even put sugar on the free list. A reduction of ninety cents per 100 pounds would mean that the American

Sugar Refining Company would get about \$7,000,000 a year less for its beet sugar and the American Beet Sugar Company \$1,300,000 less for its sugar. The reductions of these amounts from the net earnings would leave nothing for the holders of the common stocks of these companies. Nor is it probable that much of this loss could be shifted to the owners of the beet lands.

THE STEEL STOCKS.

Partly because of increased domestic production and competition and partly because of higher prices abroad, the export and domestic prices of steel products have been nearer together during the last year, than at any previous time since 1899. Instead of a tariff protection of \$8 or \$10 a ton, as formerly, the present protection is probably less than \$5, and may not exceed \$4 a ton. It is, perhaps, greatest on tin plates (duty 1 2-10 cents per pound), on wire (duty 1 cent to 1½ cents per pound), on rails (duty \$3.92 a ton), on cotton ties, hoops, etc. (duty 3-10 cent to 6-10 cents per pound), and on plates (duty 3-10 to ½ cent per pound).

The total output of steel products now being about 20,000,000 tons a year, the protection (at \$4 a ton) is about \$80,000,000—at the mills. About half of this goes to the United States Steel Corporation. With free steel the-

Steel Corporation's earnings then would be reduced about \$40,000,000 a year—or from \$100,000,000 to \$60,000,000, on the present basis of earnings. As this corporation should have at least \$80,000,000 a year for fixed charges, depreciation and dividends on the preferred stock, it is reasonably certain that, with free steel, there could be no dividend on Steel Common.

Assuming that the Democrats would not put all steel products on the free list, but would put through the metal bill that passed the House this year, we would expect the net earnings of the Steel Corporation to be decreased by about \$25,000,000. But even this loss would probably leave nothing for the dividend on Steel Common.

Similar statements can be made concerning the effects of the free steel, or reduced duties, on the earnings and stocks of the Republic Iron and Steel Company, The Bethlehem Steel Company, the Sloss-Sheffield Company, the Lackawanna Steel Company, the Colorado Fuel and Iron Company and the Pennsylvania Steel Company. These companies, however, make, relatively, more heavy, and less fine, products and therefore, probably profit less because of the tariff than does the Steel Corporation. It is true, though, that they have a narrower margin of profit than does the Steel Corporation, after paying fixed charges. The Pennsylvania Steel Company would also gain something by free ore (present duty fifteen cents a ton only) for it owns ore lands in Cuba.

OTHER TARIFF PROTECTED STOCKS.

Only brief mention can be made of some of the other stocks that are likely to suffer most by lower duties.

The duty on woolen goods will probably be reduced from eighty per cent. to forty per cent. While the American Woolen Company will gain much by cheaper wool, it will undoubtedly lose more by being forced to sell at much lower prices. Its stocks will probably decline much.

The United States Rubber Company will probably lose fully half of its

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present protection—duty thirty-five per cent. on many products. Its profits of \$6,000,000 or \$7,000,000 a year will almost certainly be cut in two, leaving little or nothing for the common stock.

The National Lead Company would probably be able to earn nothing on the common stock if the duties on lead and paints were reduced fifty per cent—as they are likely to be.

The Central Leather Company can now lose but little by tariff reduction as the duty on sole leather is but five per cent.

The International Paper Company can lose but little as, under the Canadian Reciprocity Act, wood pulp was virtually put on the free list and the duty on print paper was reduced from 8-10 to 3-16 of a cent per pound.

The American Window Glass and the National (plate) Glass companies will be likely to lose much by lower duties.

The stocks of the American Hide and Leather Company, the Corn Products Refining Company, The Railway Steel Spring Company, the United States Cast Iron Pipe Company, and the American Can Company will probably lose more than they will gain by tariff reduction.

LISTED AND UNLISTED

THE change in opinion regarding investment fundamentals that has developed in the recent past, say Turner Tucker & Co., has aroused a widespread, interesting and instructive discussion as to the relative merits of listed and unlisted securities. An intelligent investigation of the subject has brought out facts that have been



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both surprising and pleasing. Many of the old time theories that safety of principal, regularity of return, marketability and high collateral value were the distinctive characteristics of listed stocks and bonds have been eliminated. This new condition is really one of the products of a progressive age and is in no sense attributable to a lessened worth for the better class listed securities. The ideas of a decade ago have simply given way to new and broader views well fitted to the present day requirements.

OLD THEORIES ARE PASSING.

The old time belief that low interest bearing municipal bonds were the only safe "unlisted" securities available for conservative investors has now been effectually dispelled. The creation of many public service corporations, incident to the commercial development of new inventions and the improvement of old ones—electric light, gas, street railway, telephone and the like—together with a great expansion of industrial operations, has brought into the market a large class of high grade investment securities which, though unlisted, possess—in many cases—greater merit than do the long list of Stock Exchange issues. It may be still true, as is claimed, that the man who for one reason or another, desires to keep his capital constantly liquid, that is "to turn it over" from time to time, will find it to his advantage perhaps, to invest that capital in listed stocks and bonds. Even in such cases, however, he

assumes an element of risk in the possibility of violent market fluctuations for his securities that much more than offsets any gain that may accrue to him from a quick market. The average conservative investor is not, however, seeking for such an employment of his funds as will permit of his buying this week and selling next. He desires, first of all, something that will assure the safety of his principal. He wants, equally with this, a regular and satisfactory return—the largest indeed, that can properly be obtained. He has regard also for the marketability of his securities, but in this connection he cares more for stability than he does for activity. He really prefers to be relieved of the irritation and anxiety usually attendant upon erratic price changes. While counting upon an enhancement in the market value of his holdings, he is well content to have it come gradually, knowing as he does that an improvement of this sort reflects a betterment in inherent worth rather than a temporary—and it may be an unwarranted—"bulge."

INVESTMENT SELECTIONS BASED ON REAL WORTH.

It is the enlarged and steadily growing understanding of these new investment views that has served to popularize in a surprising manner unlisted securities. The demand for these issues has grown so rapidly in the recent past that many conservative banking houses have not only established un-

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DuPont Powder, Com. & Pfd. Stock
International Nickel, Com. & Pfd. Stock
Lackawanna R. R. of N. J. Stock
Mohawk Valley Stock
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listed departments but have also been devoting their chief energy to the enlargement of this particular line of business. A high authority, possessing a keen discernment, ascribes this exceptional investment demand for the unlisted issues to a "new public," which is really another way of saying that the "old public," having gained

wisdom by experience, has finally come to see its real opportunities in the right light. Truly, the line of distinction between the listed and unlisted securities is fast being eliminated and real worth rather than a stock exchange listing is coming more and more to be the determining factor in investment selections.

THE DEMAND FOR A LARGER INCOME FROM INVESTMENTS

By Frederick Carles, Manager F. J. Lisman & Co., Chicago

YEARs ago, when the Legislatures of the several states wherein mutual savings banks operate formulated laws regulating the investments of savings-deposits, they created certain standards of value. In bonds, it was enacted that United States Government, some State and Municipal, and some railroad securities, could be purchased. So far as they knew, the Legislatures selected the cream of what were then available and passed their laws to admit only those, or bonds, to be subsequently issued, under practically similar conditions.

Although these savings bank laws have been changed and modified from time to time, they established a preference for certain issues of securities, and this preference increased according to the conditions of business and investment, so that at times of investment activity, there are many issues of bonds whose quotations in the open market are about the same as the cur-

rent rate of the day for money. The average income yield of these preferred investments, ranging from say three per cent to $4\frac{1}{2}$ per cent., has been usually regarded by the layman as a fair return upon his invested capital.

RIISING PRICES.

It is difficult in these days to pick up a newspaper or magazine which has not somewhere in its pages a comment upon the present high cost of living, its causes and remedies. It has become a serious question for those whose income has not advanced during recent years proportionately with the cost of the necessities of life.

During the past fifteen years, the purchase price of food articles in the United States has advanced about forty per cent. This does not mean necessarily that basic costs have increased to that extent, but that there has been an increase in the original

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values, which, added to a more expensive handling from start to finish, results in delivery to the "ultimate consumer" at this enormous advance over what was formerly paid. But we are justified in believing that the original producer, as well as those who assist in bringing his product to the consumer, have each received some advance over earlier prices, for labor or handling, so that the increase in final values is, in a measure, not much more than an offset. But to the person who invested in bonds fifteen years ago, the condition bears a different aspect, for there is no change in the face of his interest coupons, and, if the cost of the necessities of life has increased, or as it might better be stated, if the purchasing power of money has declined, he will not be able to live as comfortably to-day as was possible only a few years ago upon the same amount of income. This is the condition that has prompted an inclination to favor higher income-bearing investments than would have been considered in earlier times.

Investment bankers are merchants in their line. They probably read and study more than the practitioners of any other profession, have a greater conception of the possible importance of small things, and naturally observe the tendency on the part of their clients to look at investments offering a higher rate. So they, too, have given closer scrutiny to a liberal-yielding bond, and, in fact, have gone into the markets for them.

NEGLECTED OPPORTUNITIES.

There always have been securities whose desirability has been recognized by some investment firm of good standing, offering an income of from five to

six per cent. and often more; but because the investing public had not the foresight of the investment banker, or were timid as to his recommendations, they sought the better known or more active issues and consequent lower yield.

As a general thing, people at large are poorly advised upon financial matters. Nearly every publication with a substantial circulation carries an investment department, but many of them neglect to provide an editor, trained in financial work, to conduct it. It comes to pass that readers are encouraged to confine their investments to listed issues (usually bonds legal for savings banks in the eastern states) the bonds of very large enterprises and local securities. Investors, in consequence, pass by many securities which are equally safe, as readily negotiable, (for stock exchange transactions represent only a part of the sales of the day) and in many respects a better investment.

This is an age of advertising and it would not be offering due respect to enterprise to fail to mention the increased cost of living as an advertising feature in the sale of investments. It has helped, and very materially, to bring into common recognition the fact that good securities, paying from five to six per cent., are easily to be obtained, and that reputable dealers are engaged in their distribution. While the so-called "standard" trunk-line railroad and large municipal investments maintain prices that yield from four to $4\frac{1}{2}$ per cent., smaller lines issue securities equally attractive that pay from five to six per cent. Good public service securities, such as the bonds of gas, electric light and electric railway corporations, will pay five per cent., or better, and the bonds of es-

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established commercial concerns will yield even more.

CHOOSING A BANKER.

We are now in a period when it behooves the investor, perhaps more than at any other time, to be careful as to his selection of an investment banker. The inclination towards high-rate investments has encouraged the flotation of many securities that have not made good. It produces the promotion by inexperienced parties of what are known as "construction propositions;" that is to say, enterprises in process of establishment, as, for instance, the many irrigation systems whose bonds have been placed before the public during the last few years and whose completion in only a few cases has become a fact. And the same applies in many other lines. Bonds on attractive terms have been offered to frugal people, efficient salesmanship having had the effect of placing in possession of those who could least afford a loss, securities that are worth perhaps little more than the paper on which they are printed.

At the present time we are in a period of excessive stock flotations. The writer has before him the circular of a company which has issued its seven per cent. preferred stock at a price around par and which it is pledged to redeem at 125. In all probability this corporation will be able to make good on its contract, but it is going to the other extreme and paying more for the use of capital than is necessary. Its success will encourage smaller and less responsible corporations to commit themselves to the same promises with every probability that in the first period of business depression some of them will fall by the wayside.

In conclusion, it must be said, that

from five to six per cent. can easily be obtained upon safe investments. But the investor must be guided more by the experience, judgment and foresight of the investment banker with whom he deals than by any conclusions at which he himself may arrive as to the safety of securities he may be considering: Consequently, it is in these times absolutely essential that the investor go direct to an investment house whose standing is established and can be verified through the commercial agencies or any other recognized source.

THE GOVERNMENT'S GAIN

The Millions of Dollars of Its Obligations
Which Are Never Presented For
Redemption

THE reported loss of many thousands of dollars by the sinking of the "Titanic" says the National City Bank, calls attention to the fact that the Government of the United States frequently benefits by the misfortunes of the people. It never can be known what amount of United States money went down with the "Titanic", but whatever the sum the Treasury Department has just so much additional to its credit, as it can never be presented for redemption.

A week rarely or never passes that the Treasury Department does not receive for redemption a number of packages containing money that has been partly destroyed by fire and in all cases where the bills can be satisfactorily identified new money is issued therefor; but frequently only a portion of the bill remains and in that event, if three-fifths of the note can be identified the full face value is returned to the owner, but if less than

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three-fifths can be identified only one-half of the value is returned. These losses by fire aggregate each year a very large sum; but what has become of the millions of dollars of which there is no trace, is an unsolved problem. Treasury officials speak of the great fires that in years past have swept Chicago, Boston, San Francisco, Baltimore and other cities and estimate that many millions must have been lost in these great conflagrations.

Early in the civil war the United States issued over \$400,000,000 of legal tender notes which were used in payment of all Government obligations, including the pay of the armies in the field. At this time there are still outstanding over \$3,000,000 of these notes in the denominations of \$1 and \$2 alone, which are never heard from except now and then a stray bill or two is presented for redemption. It is a fair assumption that a large percentage of the whole \$3,000,000 has been accidentally destroyed and this is undoubtedly proportionately true of all of the old issues.

Soon after the war began the Government issued from time to time, an aggregate of nearly \$369,000,000 in fractional paper money and something over \$15,000,000 is still carried in the Treasury accounts as outstanding, 235,000 Government checks were sent though only a few hundred dollars are presented each year for redemption.

As fast as these old war-time "shin-plasters," come in, the Treasury destroys all of them that are much mu-

tilated and worn, but they are never paid out again other than in small amounts and in exceptional cases. The Treasury now has on hand only about \$246 of these small notes. In 1879 the Department recognizing the fact that comparatively few of these old fractional notes would ever be presented to the Treasury, directed the segregation of a fund of something over \$8,000,000 held in the Treasury for the redemption of those notes, the amount to be applied to the payment of war pensions. Large sums of this issue are no doubt held by collectors as souvenirs.

Of the civil war issue of compound interest notes which amounted to nearly \$267,000,000 there still remains outstanding approximately \$160,000 and of this issue only \$70 came to the Treasury last year. Of the issue of seven-thirty notes running from 1861 to 1865, which totaled about \$970,000,000 there is still outstanding \$130,000, and only \$100 in these notes were redeemed last year.

Of the war-time demand note issue of \$60,000,000 a total of \$53,000 is still unaccounted for and none of this issue has recently been presented for redemption.

During the issue of the Spanish war loan in June and July, 1898, about to subscribers for small amounts of these bonds which represented the interest due from the date of its receipt until August 1, the date of the bonds, and over 10,000 of these checks have never been presented for payment.

It is assumed that as nearly all of the checks were for small amounts, some of them for only a few cents, they also have been kept as souvenirs.

Many people who received Government checks in payment of interest on live bonds seem to be very careless or not in need of funds, as a large num-

ber of these checks never have been presented for payment. One party alone is known to have in his possession an aggregate of many thousands of dollars represented by these checks and although frequently importuned to present them for payment, he has so far neglected to do so.

INVESTMENT AND MISCELLANEOUS SECURITIES

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 60 Broadway, New York.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	285	294
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So. R.R.)	175	...
Beech Creek (N. Y. Central)	92	96
Boston & Lowell (B. & M.)	214	...
Boston & Albany (N. Y. Cen.)	230	223
Boston & Providence (Old Colony)	296	300
Broadway & 7th Av. R. R. Co.		
(Met. St. Ry. Co.)	160	190
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	164
Camden & Burlington Co. (Penn. R. R.)	130	140
Cayuga & Susquehanna (D.L.&W.)	205	215
Christopher & 10th St. R. R. Co. (M. S. R.)	130	140
Cleveland & Pittsburg (Pa. R. R.)	168	172
Cleveland & Pittsburg Betterment	98	100
Columbus & Xenia	205	208
Commercial Union (Com'l C. Co.)	100	110
Concord & Montreal (B. & M.)	156	162
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	139	...
Conn. River (B. & M.)	270	...
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	99
East Pa. (Phila. & Reading)	125	135
Elgin Av. St. R. R. (M. S. R. C.)	300	...
Elmira & Williamsport pfd. (Nor. Cen.)	142	152
Erie & Kalamazoo (J. S. & S.)	200	220
Erie & Pittsburg (Penn. R. R.)	135	140
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	128	132
Franklin Tel. Co. (West. Union)	110	115
Forty-second St. & G. St. R. R. (Met. St. Ry.)	260	280
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	266	272
Gold & Stock Tel. Co. (W. U.)	115	123
Grand River Valley (Mich. Cent.)	112	118
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	98	104
Illinois Cen. Leased Lines (Ill. Cen.)	92	96
Jackson, Lans. & Saginaw (M. C.)	80	86
Joliet & Chicago (Chic. & Al.)	150	165
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140
Kan. C. Ft. Scott & M., pfd. (St. L. & S. F.)	77	80
K. C., St. L. & C. pfd. (Chic. & Al.)	105	130
Little Miami (Penn. R. R.)	209	212
Louisiana & Mo. Riv. (Chic. & Atl.)	125	150
Mobile & Birmingham pfd. 4% (So. Ry.)	80	80
Mobile & Ohio (So. Ry.)	70	87
Morris & Essex (Del. Lack. & W.)	173	176
Nashville & Decatur (L. & N.)	185	190
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	105	120

Bid. Asked.

N. Y. & Harlem (C. & P.)	325	355
N. Y. L. & Western (D. L. & W.)	122	126
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	162	167
North Pennsylvania (Phila. & R.)	192	...
North R. R. of N. J. (Erie R. R.)	85	92
Northwestern Telegraph (W. U.)	115	125
Nor. & Wor. pfd. (N.Y., N.H. & H.)	210	...
Old Colony (N. Y., N. H. & H.)	188	191
Oswego & Syracuse (D. L. & W.)	205	220
Pacific & Atlantic Tel. (W. U.)	70	75
Peoria & Bureau Val. (C.R.I.&P.)	175	185
Pitts. B. & L. (B. L. E. & C. Co.)	61	65
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	169	172
Pitts. Ft. Wayne & Chic. special (Pa. R. R.)	150	165
Pitts., McKeesport, McWport & Y. (P. & L. E. M. S.)	129	132
Providence & Worcester (N. Y., N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	185	192
Rome, Watertown & O. (N.Y.Cen.)	...	...
Saratoga & Schenectady (D. & H.)	162	172
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	90	100
Sixth Av. R. R. (Met. S. R. Co.)	100	120
Southwestern R. R. (Cent. of Ga.)	110	114
Troy & Greenbush (N. Y. Cent.)	160	168
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	122	...
Utica, Chen. & Susq. (D. L. & W.)	...	...
United N. J. & Canal Co. (Pa.R.R.)	...	...
Valley of New York (D. L. & W.)	117	122
Warren R. R. Co. (D. L. & W.)	165	170

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	198	205
American Brass	135	140
American Chicel Com.	220	225
American Chicel Pfd.	104	106
American Express	201	205
Atlantic Fruit & Steamship	3	6
Atlas Portland Cement Com.	62	65
Babcock & Wilcox	107	109
Borden's Condensed Milk Com.	122½	124
Borden's Condensed Milk Pfd.	108½	110
Bush Terminal	70	85
Childs Restaurant Co. Com.	188	195
Childs Restaurant Co. Pfd.	116	118
Del. Lack. & Western Coal	380	390
E. I. du Pont Powder Com.	195	202
E. I. du Pont Powder Pfd.	94	97
E. W. Bliss Com.	65	85
E. W. Bliss Pfd.	120	130
General Baking Co. Com.	32	35
General Baking Co. Pfd.	81	84
Gray National Telegraph	8	13
Hudson Companies Pfd.	49	52
Hudson & Manhattan Com.	15	18

	Bld.	Asked.		Bld.	Asked.
Hudson & Manhattan Pfd.	25	27	Singer Manufacturing	288	293
International Nickel Com.	204	307	Standard Coupler Com.	35	40
International Nickel Pfd.	103	106	Texas & Pacific Coal	96	101
International Silver Pfd.	130	135	Thompson-Starrett Com.	150	175
Kings Co. E. L. & P.	130	134	Thompson-Starrett Com. (with etc.)	175	206
Otis Elevator Com.	72	76	Thompson-Starrett Pfd.	109	115
Otis Elevator Pfd.	100	103	U. S. Express	85	90
Phelps, Dodge & Co.	214	220	U. S. Motor Com.	4 1/4	5
Pope Manufacturing Com.	33	37	U. S. Motor Pfd.	18	20
Pope Manufacturing Pfd.	72	76	Union Typewriter Com.	40	42
Royal Baking Powder Com.	213	218	Union Typewriter 1st Pfd.	109	113
Royal Baking Powder Pfd.	108	110	Union Typewriter 2d Pfd.	105	109
Rubber Goods Mfg. Pfd.	104	110	Virginian Railway	15	20
Safety Car Heating & Lighting	116	118	Wells Fargo Express	133	137
Sen Sen Chiclet	121	125	Western Pacific	7	9

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Conducted by T. D. MacGregor

BACKING UP ADVERTISING

THE CO-OPERATION OF THE BANK'S WORKING FORCE

By A. M. Ingraham, Cleveland, Ohio

A SUBJECT of vital importance in connection with successful bank advertising is the co-operation of the entire force. Intelligent advertising must depend for its final success upon the tact and ability of the man at the window. All that the best advertising can do is to bring the prospective customer into the bank and to arouse a desire to transact business or deposit money.

In the first place, the advertising must be sufficiently conservative, so that every promise which it makes can be fulfilled by the equipment and organization of the bank. It would manifestly be unwise to describe, in an advertisement, some equipment or facility which the bank does not possess. It is hazardous to assure the prospective patron that a certain service will be rendered or assistance afforded, which is not provided for by the bank.

In the second place, every person in the bank who comes into contact with the public, should be in thorough sympathy with the aims and spirit of the advertising. It is often a mere matter of informing the force concerning the advertising plans, in order to procure a ready and efficient co-operation.


When special emphasis is being placed upon any one facility, those persons on the force, who have the care of the department, or line of business, should be carefully informed with regard to all of the details.

Commercial advertisers have found again and again that the advertising has brought the efficiency of the sales force to a much higher level. For example, a mercantile house mentions in its advertisements that its salespeople are always polite and attentive. The very fact that this statement has gone forth to the public practically precludes impolite treatment on the part of anybody connected with the house.

In the same manner the force employed by a financial institution should co-operate heartily with the ideals set forth in the advertising. The fact is that business can be procured at the windows by polite, careful attention and prospective patrons may be turned away as a result of thoughtlessness or lack of tact.

Every member of the working force should come to feel that there is a certain cost connected with procuring a visit at the bank by each prospective patron and when a possible depositor

"MADE IN CHICAGO" WEEK
 UNDER THE AUSPICES OF
 THE CHICAGO ASSOCIATION OF COMMERCE



DEPOSITS
"MADE-IN-CHICAGO" BANKS
\$1,005,812,094

JUNE 18, 1912

The banks of Chicago are heartily in favor of all movements to boost their city. The placard above was displayed conspicuously in bank windows during the week of August 12 to 18. The total amount of money "made" and saved in the City of Chicago is indicative of the general prosperity of the great Middle West.

or patron comes into the bank, the greatest wisdom must be exercised to make him a regular customer.

While the employees of banks are universally men of culture and refinement, yet in the midst of duties even the best of us are often forgetful of those little amenities which have so much to do with our success or failure in impressing others favorably. It is often a good plan for an officer of a financial institution to call all of the employees together and talk with them frankly concerning ways of procuring additional business at the windows.



BANKING BY MAIL

A Reading Notice About It Which a Vermont Bank Published in Country Papers

BANKING by mail has come to be one of the common things in business life. Almost everybody does it; and it has been proved to be an eminently safe proceeding. Instances are extremely rare where funds intrusted to the United States mails for delivery to a savings bank have gone astray.

It is just as safe and convenient for a person living in another town to make a deposit in the savings depart-

ment of the Waterbury Savings Bank and Trust Co., as it would be if he lived in Waterbury.

This bank has a large and increasing deposit-by-mail business, and deposits received by this method receive as careful attention as if the depositor appeared at the bank in person.

In directing the affairs of this bank the officers comply strictly with the State banking laws and observe every rule that has for its object the safety and success of the institution.

The bank pays four per cent. interest, the periods being April and October. Money received on or before the fifth of any month draws interest from the first.

The Waterbury Savings Bank and Trust Co. is the result of the united efforts of the Waterbury National Bank, one of the oldest chartered banks in Vermont. The deposits amount to nearly \$700,000.

In the wise management of its assets rest the strength and prosperity of every bank.

One of the best advertisements this bank has is a list of several hundred satisfied depositors. They like its methods and do not hesitate to recommend it to their neighbors.

Become a depositor in this bank and we feel convinced that you will be so well pleased with its way of doing business that it will continue to be a Vermont financial institution for which you have so high a regard that it will hold, if not all, at least a portion of your savings.

It is perfectly natural for some people to prefer not to have all their money in the home bank. This has been the case in the past and is likely to continue; it comes with the natural course of events. We solicit the portion of your savings that you do not want to keep at home. You will find it just as convenient to do business with the Waterbury Savings Bank and Trust Co. as with any bank in your locality to which you would mail your business. Try it.

These points are to be considered:

You can deposit with this institution by mail with perfect safety.

Your money will draw four per cent. interest.

Your account will receive the same attention whether it be large or small.

Interest is credited to you April 1 and October 1.

Address W. B. Clark, Treasurer, 16 Main street, Waterbury, Vt.



EXPERT OPINIONS

Extracts From Recent Talks on Bank Advertising

BANKERS of Pittsburgh have used various methods in their efforts to attract deposits. They have erected fine buildings, furnished them in good taste and appropriately decorated them. They have provided all needed facilities for the transaction of business, and made arrangements for the comfort of their customers. They have elected genial officers to confer with the prospective customer, and they have employed courteous clerks to receive deposits, and to refuse with suavity and grace to cash checks offered by the unidentified. And they have advertised.

Perfect strangers have come into this town and marvelled at the quantity and quality of the bank advertising which they have found in the local newspapers. They have said that in no city with which they are familiar is newspaper advertising of banks carried on with more ability than in Pittsburgh. The Bankers Ad Association has been told that frequently; and its members, who have been doing some humble efforts in that line for several years, are quite willing to recognize the justice of the accusation.

The Pittsburgh banks advertise not only in the local newspapers but also in the financial and other journals which circulate widely, and as a result they draw deposits from all over the United States, and from foreign countries as well. They receive money from persons who send their savings here for the interest they receive, accompanied by the safety of their principal. The national banks act as reserve agents for banks in other cities and obtain deposits from them through the attractive terms which they are enabled to offer by reason of the large demand for money in this city.

Of course, the great bulk of the deposits in Pittsburgh banks come from Pittsburgh people and from the thousands of persons who live in the suburbs but transact their business and derive their livelihood from business activity in the city. These people are thrifty and have shown their willingness to save money and put it into the banks, in response to the invitations to do so which they see in every newspaper they pick up.—William H. Siviter, Pittsburgh.

Some banks there are who do not believe in advertising—either good or bad. Such banks belong to the good old school, the members of which looked upon banking as more than a business—more even than a profession. They considered it a special “calling” and felt that it was absolutely unethical to indicate in any way

whatsoever any anxiety or desire for business. Well those pleasant old days are about over. To-day modern business, even among banks, is extremely competitive, and the institution that sits idly by making no effort to secure customers will assuredly make less of a success than will its advertising competitor across the street, other things being equal.

The question of bank advertising in the last analysis resolves itself down to this proposition: Does it pay a bank to advertise? The answer to this question may be found in the testimony of scores of banks all over the country who have advertised in an honest, straightforward, sensible, dignified conservative manner, and have shown as a result a steady, healthy, continuous growth. True it is that there are many banks that have grown without the aid of advertising, but it is fair to assume that their growth would have been greater had they adopted the policy of talking to the people through the medium of advertising. Those institutions who are convinced that advertising does not pay have undoubtedly formed their opinions from the use of bad advertising. Those who assume the contrary view are, no doubt, advocates, not of bad advertising, but of the good.

When all banks come to believe in

the latter kind, and to practise that belief in a consistent manner, there will exist a far better understanding between the banks and the general public than there is to-day, and both the banks and the people will be the gainers thereby.—Fred W. Ellsworth, New York.

Bert E. Lyons of Troy, N. Y., explained to the Springfield, Mass., Board of Trade recently the great part that advertising may play in the building up of a national bank. Partly through his efforts the Manufacturers' National Bank of Troy has been strengthened in a few years from the smallest bank in the city to the largest, and the number of depositors increased from 3,700 to over 12,000. Many advertising mediums were used, but in all cases the matter placed before the public was simple, plain common sense which all could appreciate. It was designed to make the every-day man better acquainted with the advantages offered by such a bank to the common man, which are simply the advantages of saving a part of the income instead of spending all of it. The advertisements aimed above all things to be courteous and kind, with evidence that the bank was willing to act as the friend of all who would allow it to do so.

Mr. Lyons explained that there were many inherent difficulties in such advertising, as there are only two subjects to talk about, although under his system something fresh had to be offered to the public every day. His advertisements concern only "deposits" and "commercial accounts," but he had little use for dry statements of capitalization, lists of officers and directors. The advantages of thrift were brought out in such a way that even the poorest man could feel that the advertisements had some message for him personally; in fact, the personal note was emphasized as much as possible. All the advertisements were designed also to get new business "to-



A SIMPLE BUT TELLING ILLUSTRATION

day," rather than "to-morrow," and the word "now" had a prominent place in many of them. He always talked

directly to the public, addressing "you," rather than everybody, and no one in particular.



HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Advertising

REFERRING to the "Knights Templar" advertisement of the First National Bank of Pittsburgh reproduced herewith, Nathaniel Ferguson of the Philadelphia "Record" writes:

The enclosed advertisement of the First National Bank of Pittsburgh is a good one, and it appeals to our bankers here, where I have shown it. In cities where there are frequent conventions and assemblies of men

C. W. Beerbower, formerly of the Farmers National Bank, Salem, Va., and now connected with the National Exchange Bank of Roanoke, Va., writes as follows:

I believe that advertising for commercial accounts, just like other forms of bank advertising, is profitable, although it is a little more difficult proposition to handle. Some newspaper advertising is necessary, and it ought to have a prominent position in the columns where it will be read. However, in my humble judgment, forms of direct advertising are productive of the most results. For example, nicely gotten up blotters of standard size, not necessarily works of art. Also souvenirs, pen holders, pencils, etc. Booklets and folders for enclosing in standard size envelopes should also prove good.

A little scheme I intend to adopt for the National Exchange Bank of Roanoke is as follows: Have 3x5-inch slips printed on heavy paper, ruled with space for name, address and business or occupation of prospect, provide space on the slips for keeping a record of advertising sent. These blank cards I propose to distribute in quantities to all the officers, directors, stockholders, employees and good customers of the bank and ask them when they hear of a new man or anyone likely to be interested in the facilities the bank has to offer, to fill in his name, address, etc., and hand or mail the card to the advertising manager of the bank, after signing their name on the space provided. These cards will then be followed up persistently, either by printed matter or personal work, until the prospect is landed or abandoned for some good reason.

In connection with this plan, I expect to have installed an addressing machine and have all the work of preparing the advertising and sending it out done in the bank under the supervision of the advertising manager.

In soliciting commercial accounts I am of the opinion that personal work gets more business than most other forms of publicity, and I believe that satisfied customers are a bank's best advertisement. The moral is, strive to serve your present customers satisfactorily and they will spread the good news to others, and it will be an endless chain constantly bringing in new friends.



TAKING ADVANTAGE OF AN OCCASION.

from all over the country it seems to me it would be a good way of soliciting the patronage of the local friends of such visitors as the various conventions occur.

We believe that the appeal to the delegates themselves upon such occasions as this is of secondary importance to the effect upon the local readers, as the advertiser is to some extent hitting at his own public over the heads of the visitors, and takes advantage of the general interest in the convention to get greater attention for his advertisement.

The National Bank of Commerce of Detroit advertises a special service, thus:

This bank issues at the beginning of each month a general letter on trade conditions throughout the United States and a forecast of the natural trend of important business events for the immediate future.

Business men of this city may receive this review each month without charge or obligation by making a request either in person, by telephone or by mail. This service is furnished by us in the belief that it will materially assist in the upbuilding of the business of our community.

Our friends will recognize this move as in line with our policy of doing everything possible for this city and its interests.

The State Bank of New York city recently gave out to its depositors, the majority of whom are Jewish people,



WOMEN WHO SAVE MONEY

—find the Service of this great Bank a distinct aid. Furthermore, in visiting the Bank from time to time, and seeing many other Women who are saving and banking money, they find encouragement.

Thousands of prudent Women have Savings Accounts in this institution. Many of them carry Checking Accounts here also, paying their household bills by check—so safe and they have learned to appreciate.

Women often exhibit unusual courage and persistence in saving. Even though the family income is small, they bring a portion of it here week by week, or several other months—thus building up an "Emergency Fund" without which the Family might often be in financial straits when illness or sudden loss occurs.

Savings Accounts have been increased at First Pay Cuts as at Third Pay Cuts, according to their means. This will be fully explained at our New Account Windows, where you will be given every courtesy and attention.

Women find our open, courteous business methods most satisfactory. If you are not already banking here, we invite you to try them. Why not open an Account this week?

German American Savings Bank
SPRING & FOURTH STS. LOS ANGELES.

A New Departure In Bank Organization

THE number of women who have bank accounts at our Temple Place office has increased so rapidly and their business has become of so great importance to this institution, that we have placed women Paying and Receiving Tellers in the Women's Department for the greater convenience and comfort of our customers.

To women depositors we offer the unusual advantage of a fully equipped babying home, in the heart of the shopping district—a banking home that has been carefully arranged throughout to meet their requirements.

Old Colony Trust Co.

Main Office
COURT STREET

Branch Office
TEMPLE PLACE

UPPER HEADLINE BETTER THAN THE LOWER
ONE IN APPEALING TO WOMEN

a book of prayers for the Jewish holidays, such as the Passover. These little prayer books were bound in plain though attractive style and were enclosed in neat boxes printed on the outside of which was the card bearing the compliments of the State Bank of New York city. This bank makes a special effort to secure the accounts of people of this nationality, and undertook this means of securing their good will. It was found that this plan brought excellent results.

The Traders Bank of Canada, Toronto, also advertises a special department of its work. A recent advertisement of this bank read:

If you intend to take up CANADA FARM LAND

you will find the services of our bank useful and profitable. Our various branches through the wheat country afford special facilities to new comers and frequently save them annoyance and expense. Our local managers are always glad to meet settlers from the States and to render them any service within their power.

Write us to-day for information regarding the Province you are interested in. We will be pleased to advise you, and will also send a very complete little booklet concerning the Province.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmermann, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.
 F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 H. M. Jefferson, Windsor Trust Company, New York City.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.
 W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.
 B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.
 The Franklin Society, 38 Park Row, New York.
 C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
 W. O. Boozer, Barnett National Bank, Jacksonville, Fla.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 El. A. Hatton, cashier, First National Bank, Del Rio, Texas.
 A. A. Eklrch, secretary, North Side Savings Bank, New York City.
 E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 Farmers & Mechanics Trust Company, West Chester, Pa.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 C. W. Beerbower, National Exchange Bank, Roanoke, Va.
 B. P. Gooden, adv. mgr., New Netherland Bank, New York.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. E. Auracher, The Bank Advertiser, Cedar Rapids, Iowa.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 Germantown Ave. Bank, Philadelphia, Pa.
 Frank K. Houston, assistant cashier, First National Bank, Nashville, Tenn.
 B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
 A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Union Trust Co. of the D. C., Washington, D. C.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.

Pleased to Have Its Name Appear.

We notice that you are publishing a list of banks who are willing to exchange booklets, folders and other advertising matter issued by them from time to time.

The Union Trust Company of the District of Columbia would be pleased to have its name appear in this column and will gladly put the names of the various companies published by you on its mailing list.

We wish to express to you our appreciation of this courtesy.

EDWARD L. HILLYER, Secretary,
 Union Trust Co. of the District of Columbia,
 Washington, D. C.

AGRICULTURAL BANKS IMPORTANT

CHARLES A. CONANT, an American delegate to the international conference on bills of exchange, recently returned from The Hague. He said that the conference framed a draft of a uniform law to be adopted by the continental Powers which will simplify and promote dealing in bills.

Regarding the movement to increase the facilities for agricultural credit in the United States, Mr. Conant said: "I saw Ambassador Myron T. Herrick in Paris and found him working with great enthusiasm on the report on the systems of agricultural credit in Europe which has been called for by Secretary

Knox. Europe is far ahead of us in these matters, both in respect to centralized mortgaged banks and local mutual credit societies. I think the time has come to take up this subject in the United States and I am glad to hear that action is called for by both the Republican and Democratic national platforms. Great care should be exercised, however, in framing a law and expert examination should be made of the various European systems in order to avoid the difficulties and pit falls which they have encountered in their early history."

SAFE DEPOSIT

A SAFE DEPOSIT VAULT OF MODERN TYPE

THE safe deposit vault of the Essex County National Bank of Newark is the strongest vault in the State of New Jersey, and embodies all of the most up-to-date designs and de-

series of steel piers which provide an observation space under the bottom of the vault, and it is likewise open to observation around all the sides and over the top.



MAMMOTH VAULT DOOR OPEN, SHOWING BOLT WORK
ESSEX COUNTY NATIONAL BANK, NEWARK, N. J.

vices for protection against fire, burglars, mobs and water.

It is approximately seventeen feet square by nine feet high, inside. Its walls are two feet in thickness, built up of three inches of shock and drill-proof steel, surrounded with rock concrete, embedding double rows of heavy section steel rails and further reinforced with massive beam work.

The entire structure rests upon a

The construction differs from the older standards in that the metal to a large extent has been distributed throughout the concrete walls, which are designed to provide absolute fire-protection, to cushion extreme shock, and, particularly, to prevent the successful application of the Oxy-Acetylene Cutter Burner, now so generally used throughout the world, an instrument which cuts even battleship armor

almost as readily as a saw cuts wood.

The entrance to the vault is guarded by the largest and heaviest round door that has ever been built, and which weighs thirty-three tons. It has a clear opening of seven feet six inches, and is two feet in thickness, exclusive of the bolt machinery. Notwithstanding its enormous weight it can be closed by a child.

der to reach the dogging devices. This arrangement doubles the protection of the ordinary locking system and provides a door, solid, without spindle holes.

An additional protective feature consists in the covering of the bolt-throwing mechanism and the combination dogging devices with steel plates upon the inside of the vault, obviating an



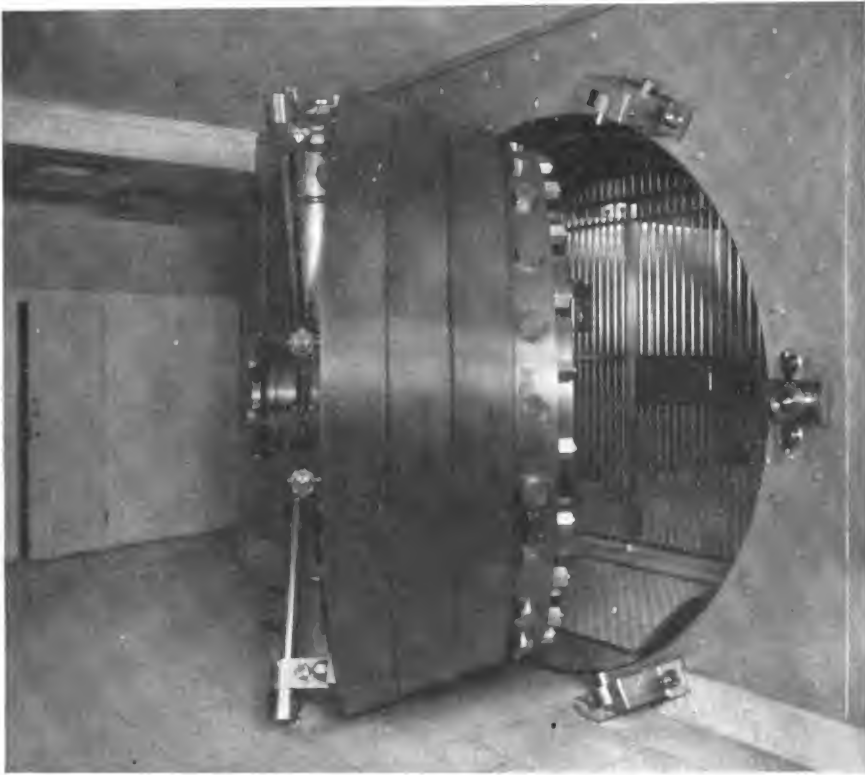
LOOKING INTO THE VAULT OF THE ESSEX COUNTY NATIONAL BANK, NEWARK, N. J.

This door is of composite construction and is proof against shock of all kinds, the use of steel tools, and also the Oxy-Acetylene Burner. It is locked with twenty-four enormous bolts, which are dogged by a quadruple time-lock located upon the door, and also by combination locks located upon the jamb.

These two sets of locks are independent and make it necessary to penetrate both the door and the jamb in or-

der to reach the dogging devices. This arrangement doubles the protection of the ordinary locking system and reduces the otherwise logical strength of the construction at least seventy-five per cent.

To provide against the possibility of a lock-out, an emergency door has been installed, also circular in shape, and of equal strength and thickness with the main door, but of smaller diameter.



VIEW SHOWING THICKNESS OF THE VAULT DOOR
ESSEX COUNTY NATIONAL BANK, NEWARK, N. J.

The interior of the vault is equipped with steel safe deposit boxes, fitted with the highest class of Yale Interchangeable key locks, which permits the person renting a box to select any key out of a large number, and fit the interior mechanism of the key lock to that particular key; thus removing the possibility of a duplicate key in possession of the custodian.

The annual rental of the boxes ranges from \$5 to \$300.

The vault is well ventilated, tiled with Italian marble, and finished around the walls and ceiling with polished steel plates and bars, and is brilliantly lighted with specially designed electric fixtures of polished steel. The exterior is protected with a panelled steel cladding.

Electric protection devices have also been installed connecting with a central office system; telephones, call bells,

and a riot alarm are among the minor features of the installation.

The design and construction as a whole are acknowledged as representing the very highest degree in the art of present day vault building.

The vault was built by the Diebold Safe & Lock Company, upon the designs and under the superintendence of Frederick S. Holmes, vault engineer, New York.

SUPERIORITY OF AMERICAN VAULT CONSTRUCTION

OF late years the progress in bank construction in this country has been remarkable, and perhaps in point of size and completeness of equipment American bank buildings are in advance of those of any country in the world.

This superiority applies also to safe and vault construction, a field in which our vault engineers and builders have excelled for the last thirty years.

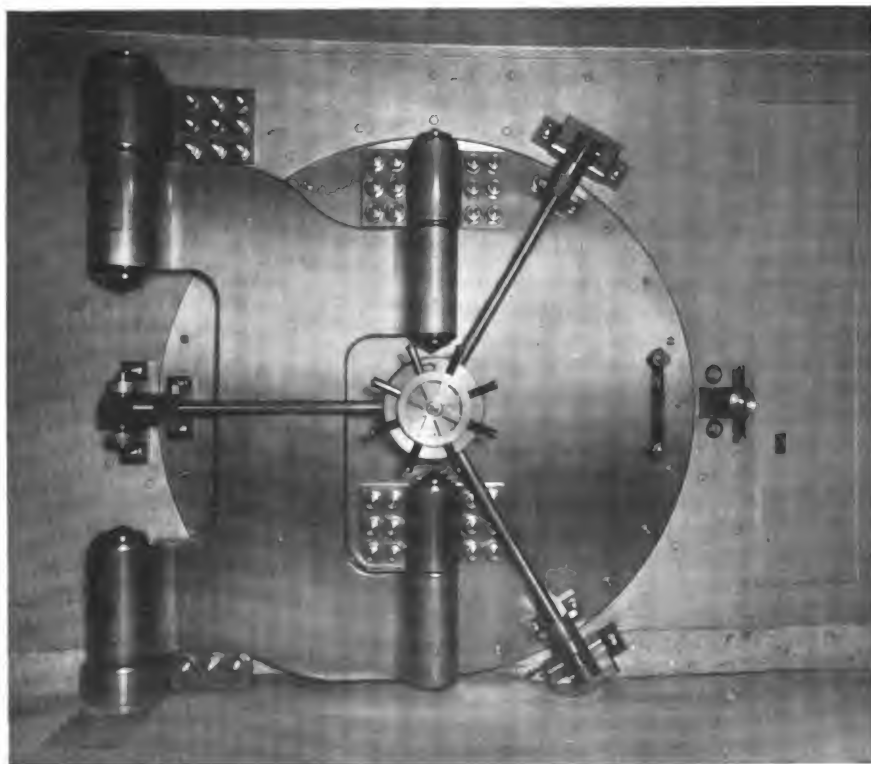
No doubt in various foreign countries American safes would find a ready market and there should also be a good demand for the services of our safe and vault experts.

Perhaps the home field has been so alluring in recent years that little occasion has existed for going abroad. But the rapid pace in bank building of late may lead to conditions when the demands on our safe and vault builders will be lessened and then it may be found desirable to cultivate the foreign field more closely. Should that time come it will find the designers and makers of American safes and vaults the best equipped to compete in this line of industry.

HUGE BULLION VAULTS

NEW vaults being built for the use of the Assay Office and Sub-Treasury in New York will be five stories in height, four of the stories being below the street level. This will necessitate a deep excavation, fully as deep as those which are made for the largest skyscrapers in New York. The lower vault will be carried right down to bedrock. The first two floors will be below the water level. Every modern device for the protection of the enormous treasure which will be contained in these vaults will be installed. Their construction will be of steel almost entirely.

It is estimated that enough gold bullion can be stored in the new vaults to represent all the outstanding gold certificates that will be required in this country for fifty years.



MAMMOTH VAULT DOOR CLOSED
ESSEX COUNTY NATIONAL BANK, NEWARK, N. J.

NATIONAL CHAMBER OF COMMERCE

AT a recent meeting of the board of directors of the Chamber of Commerce of the United States of America, in Washington, the following permanent committees were decided upon: (1) Membership; (2) Membership Qualification; (3) Interstate Commerce, with subcommittees on Federal Regulation, Statistics and Standards, Industrial Workers, Industrial Education; (4) Foreign Commerce, with subcommittees on North American-European Trade, Latin-American Trade, Oriental Trade, Statistics and Standards, Consular Service; (5) Traffic, Transportation, and Communication with subcommittees on Railroad, Canal and River (interior), Ocean, Post Office, Telegraph, Telephone; (6) Legislation; (7) Currency and Banking; (8) Immigration; (9) Commercial Organization; (10) Publicity; (11) Ways and Means; (12) Auditing.

The bill which was introduced in Congress for the incorporation of this national commercial organization was amended in the House committee on the judiciary by the addition of the proviso: "That nothing herein contained shall authorize said corporation to engage in business for its own profit." It was then reported favorably to the House of Representatives and ordered

printed. The following is the form of the bill:

A Bill To incorporate the Chamber of Commerce of the United States of America.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Horace H. Allen, Bernard N. Baker, Frederick Bode, A. M. Cooper, C. G. Craddock, A. C. Dixon, John Joy Edson, John H. Fahey, A. B. Farquhar, Everett G. Griggs, H. J. Hodge, P. J. Kruesi, I. H. Kempner, B. F. Kauffman, Albert J. Logan, William D. Mullen, Elias Michael, Ludwig Nissen, Francis F. Prentiss, Lewis W. Parker, John P. Truesdell, J. N. Teal, W. B. Thompson, August H. Vogel, Harry A. Wheeler, George H. Whitchee, Harry T. Wikes, and E. P. Wells, citizens of the United States, members of a voluntary association known as the Chamber of Commerce of the United States of America, their associates and successors, are hereby constituted a corporation by that name for the purpose of encouraging trade and commercial intercourse among the States, the District of Columbia, the Territories, and insular possessions of the United States of America and with foreign nations; and for these purposes to have, possess, and enjoy the right to establish and maintain headquarters in the District of Columbia; to own only such property, real and personal, for office purposes, as may be necessary to carry on the work of the corporation; and in general, to do and perform all things necessary to accomplish the purposes of the corporation: *Provided*, That nothing herein contained shall authorize said corporation to engage in business for its own profit.

Sec. 2. That right to amend, alter, or repeal this act or any part thereof is hereby expressly reserved.

BANK INSURES EMPLOYEES

BRYON L. SMITH, president of the Northern Trust Company of Chicago, has completed arrangements to insure every employee of that bank in the Equitable Company. The amount of the policies will reach \$250,000. It is said to be the largest amount of "group" insurance ever undertaken by a banking institution.

The Northern Trust Company is the first bank in Chicago to insure its employees. Every worker, from the office boy to the president, will receive a cer-

tificate equivalent to a life insurance policy for an amount equal to a year's salary, except highly paid employees in whose case a maximum has been set.

The bank will pay the premiums monthly. No physical examination will be required. An employee's policy ends automatically when he leaves the bank.

The directors expect by the plan to obtain a greater efficiency from the employees and believe it will make the latter's positions more permanent.

INVESTMENT BANKERS ORGANIZE

REPRESENTATIVE investment bankers from all parts of the United States met at the Waldorf-Astoria in New York August 8 and proceeded to organize the Investment Bankers' Association of America.

An informal morning session was held at which a plan of organization was outlined by the committee on organization. At the afternoon session George B. Caldwell, vice-president of the Continental and Commercial Trust and Savings Bank, Chicago, was elected chairman and Frank R. Fenton, of Devitt, Tremble & Co., Chicago, secretary. Mr. Caldwell, on taking the chair, said:

For the ten years that I have been identified with investment banking, which, broadly speaking, has to do with the organization and distribution of a secured form of credit known as bonds, I have recognized a lack of co-operation among investment banking houses, the value of a better acquaintance and some benefits that organization might bring to us in the way of the discussion of subjects in which we are most deeply interested, the need for a greater publicity, which the magnitude, likewise the dignity of our business merits, and which unorganized we cannot hope to secure.

Most people, and many bankers outside of the large cities, are unaware of the large amount of capital now employed in this branch of banking, and few realize that annually new forms of secured credits aggregating \$1,500,000,000, or \$125,000,000 per month, are analyzed, approved, created and distributed by the banking houses of this country that may be classed as investment bankers. This, in itself, is no small responsibility, especially as the form of credit in which we deal usually extends over a period of from five to fifty years, and must, therefore, not only be safeguarded for the present, but until the date of maturity. As now carried on, the bulk of this business is done by less than two thousand banking houses, though the number is annually increasing.

Corporate financing of the past decade reflects a rapid rate of commercial progress in the United States. The "Boston News Bureau" estimates the requirements for the first half of 1912 for railroads and industrial companies, \$1,557,146,000, a gain of 26.6 per cent. over the corresponding period of 1911, and this does not include about \$400,000,000 raised by states, cities, towns and other public and quasi public corporations. These figures lend a suggestive conception of the stupendous volume of funds

required to finance the nation's day-to-day activities in the form of credit largely handled by the investment banker.

The recent report of the Comptroller of the Currency shows that our national banks alone hold over \$1,000,000,000 in bonds purchased for investment other than Government bonds, while our State banks and trust



GEORGE B. CALDWELL

VICE-PRESIDENT CONTINENTAL AND COMMERCIAL TRUST AND SAVINGS BANK, CHICAGO,
ILL. ELECTED PRESIDENT INVESTMENT BANKERS' ASSOCIATION.

companies hold over \$2,500,000,000 and our insurance companies nearly \$5,000,000,000, taking no account of those held by private banks, trust estates or individuals, which are undoubtedly a great deal more.

To date the integrity of this form of credit has been excellent and the market broadened. Otherwise, the popularity and prevailing rate of interest would not be possible. I do not mean to say there have not been some defaults and some losses, nor do I mean to say it is within the province of

human intelligence to entirely eliminate them, yet I assume to say that the time is here when it is our duty to use every means at hand to improve our securities, to stand together as against an inviting field for the many houses daily springing up having little or no capital, likewise experience, and, what is more dangerous, little care for what they offer beyond their ability to market and their immediate profit.

Twenty years ago this business was carried on almost entirely by a dozen banking houses in New York, Boston and Philadel-



A. B. LEACH

PRESIDENT A. B. LEACH AND COMPANY, NEW YORK. ELECTED FIRST VICE-PRESIDENT INVESTMENT BANKERS' ASSOCIATION.

phia, while to-day it is conducted by bankers from the Atlantic to the Pacific and from the Lakes to the Gulf. To-day no one section of our country is wholly independent, for there are few large bond issues absorbed locally. The East is selling to the West and the West to the East, and in addition our international banking houses are developing a large foreign market for our securities, much as we do for other surplus products of our factories and of our farms. I recall these facts at this time to illustrate not only our responsibility, but the value and important position investment banking has assumed in the last few years in our world of business and finance, and also to impress

upon you the further fact that the call for the organization of this branch of banking came not as an inspiration, but as an evolution. I am also of the opinion that only in proportion as this meeting shall develop into a real national force and be supported by men of the highest type of integrity, energy and experience, will our foundations be well laid, the dignity and character of our profession be improved and our success assured.

Recognizing that this city was the cradle of investment banking, that most of our cities have grown great by finding a market for their credit at your hands, that our public necessities have, by your aid, your money and your intelligence, been more easily financed, whereby the benefits are now enjoyed by even the smallest hamlet, it seemed both fitting and proper that we do you the honor of holding this, our first meeting, in New York, where your advice and your assistance would be most available. If you agree with me that no great national force is born in response to the will of an individual, nor to the brilliancy of an idea, nor to the genius of a plan, but because of a vital necessity found to exist sufficiently strong to impel business men to forget competition, to obliterate sectional lines and to even forego selfish gain in their desire for its creation, then we have a basis for working together, and one on which I hope to see this association founded, and which I know will work for the best interests of all concerned. Having enlisted in this cause without personal ambition or ulterior motive, believing in the benefits of organization in any work involving so large an amount of capital and so many people, I am pleased to see so large a representation here to-day and to have the opportunity to state to you the history of this movement.

In 1910, at a dinner of bond bankers in Chicago, the subject was suggested and briefly discussed, with the thought of appealing to the American Bankers' Association for the privilege of organizing as a section of that body. We presented the question to the Executive Council that year and without much discussion the matter was approved by the Executive Council and passed along to the main body, which met last year at New Orleans. I was present at the New Orleans meeting. It came up as an amendment to its constitution on the last day of a very busy session, and for lack of time to give the subject attention, it was referred back to the Executive Council. As you well know, that association numbers over 12,500 members, seventy-five per cent. commercial bankers, the remaining twenty-five per cent. being trust companies, savings banks and private bankers, less than 400 of whom, strictly speaking, are investment bankers. As organized to-day, the American Bankers' Association does not recognize among its officers, or as a member of its large Executive Council, a single private

banker. Nevertheless, the movement found many friends, and through the Committee on Amendments a plan was worked out at the May meeting at Briarcliff, which they were willing to recommend and did recommend. The amendment was presented to the Executive Council for approval and here it was lost. The majority was of the opinion that the work of the six sections already in existence detracted from the meetings conducted by the main body—that additional sections could not be cared for, as no funds were available to carry on the work, while others had a feeling that investment banking was not banking in the broadest sense, and that some concerns were unscrupulous and might bring heavy loss upon innocent people, that would bring discredit upon the American Bankers' Association.

The answer to the first objection was that if additional sections could not be organized, they must stamp their disapproval upon this feature of their association work, which it is believed is popular and profitable, and helps to keep up interest in the American Bankers' Association, and in a measure at least repudiates the objects of the association, as set forth in its preamble and constitution. The answer to the second objection as to funds to pay expenses—it



WILLIAM R. COMPTON

PRESIDENT WILLIAM R. COMPTON COMPANY, ST. LOUIS, MO. ELECTED THIRD VICE-PRESIDENT INVESTMENT BANKERS' ASSOCIATION.



FORMER GOVERNOR FRANK W. ROLLINS
OF F. H. ROLLINS & SONS, BOSTON, MASS. ELECTED SECOND VICE-PRESIDENT INVESTMENT BANKERS' ASSOCIATION.

was proposed to raise the dues of private bankers and also to increase the membership through the organization of this section, so that adequate funds would be provided. The answer to the third objection was that the restrictions as to membership in the proposed section could be entirely in their own hands, and sufficiently safeguarded to keep out undesirable investment bankers, as they keep out undesirable bankers of other classes, who sometimes fail, doing an injustice to many depositors and bringing discredit upon the association.

The broad view that some investment bankers take deposits, that some banks of deposit deal in securities, that each class is essential to the other, and that both kinds of banking carry the maximum responsibility in the granting of credits, did not, as we then hoped, find enough support, and we were defeated. I make this statement so no one can truthfully say or assume we are either insurgents or radicals.

Since that meeting the members of your general organization committee of thirty have been asked to express themselves as to what future course to pursue and not one reply has been received opposing the independent organization, while most of them believe that, by having control of our own funds through our own officers, and with a

body less unwieldy, we can accomplish a great deal more than if organized as a section of the American Bankers' Association. The bank with which I am connected is a member of the American Bankers' Association and has been for years, and will continue to be, and I feel, in fact know, that if we put in the field at this time a good organization and conduct the same with dignity and credit to ourselves and to our cause, we shall receive the support of the



LOUIS B. FRANKLIN

VICE-PRESIDENT GUARANTY TRUST COMPANY,
NEW YORK. ELECTED FOURTH VICE-PRESIDENT
INVESTMENT BANKERS' ASSOCIATION.

American Bankers' Association in many ways that will prove very helpful. This must be so because of the very nature of our business we cannot in any way be regarded as a competitor, but must co-operate with them whenever possible and maintain the most friendly relations, recognizing that we are both important branches of our financial system, through which the credits of this country are created and distributed, and that a good credit affords a larger capital and a greater capacity for

doing things safely. This, briefly, is our history.

Now, as to our purpose—I touched upon this slightly in my opening paragraphs, and it is expressed in a general way in the preamble sent you in the call for this meeting. I have no desire to specialize at this time, preferring to leave that to the future deliberations of this body. Sufficient it is for me to say that one particular activity from which we could reasonably hope for good results would be the securing of greater uniformity in State laws governing the issuance of municipal securities; likewise the standardization of the laws of the various States creating public service commissions and the issuing of public service securities. We must deal to-day with many conditions where States make municipal bonds tax-exempt, no two of which are alike; also many laws governing the issuing of special assessment bonds, drainage bonds, levee and reclamation bonds, road bonds issued by districts, municipal and irrigation bonds, and various conditions regarding the debt limit and power to levy and collect taxes, which now are at great variance. Then, we have to-day the conflict of the laws of the States that have created public service commissions.

There are very important questions yet unsettled, and until settled the development of our public utilities must vary as the laws vary. No one in this day denies the value to the investing public of investigation and regulation of our great public utilities and it is to be hoped that this subject may receive such attention as will prevent over-capitalization and inflation, but it is a question whether any commission's powers should go beyond the protection of the public, as has been attempted in the Falls River Gas Works' case. There is to-day a conflict of the laws of the States and those of the Federal Government regarding conservation and control of water powers and until settled the development of hydro-electric properties will be greatly retarded. There is also the question of a Federal corporation law; at present business initiative is greatly hampered by the multiplicity of laws governing interstate corporations. Federal law, providing for national incorporation, making interstate corporations subject to uniform requirements, with annual reports, to be accompanied by a sworn statement, subject to investigation by a Federal bureau, it is suggested would greatly improve the quality of our industrial securities and avoid much expense and confusion.

In this age of change of public sentiment and progress and in laying the foundations for the great volume of credit that must certainly follow, too much care cannot be given matters of a legislative character, because with a surplus of ideas there will be a surplus of laws, some of which will of necessity require amendment or repeal. There are also many questions of an acca-

democratic character that I believe we can from time to time discuss among ourselves, such as the standardization of mortgages for gas and electric properties, street and steam railroads, likewise the value of serial mortgages versus sinking fund mortgages on industrial properties and the character and growth of real estate and building bonds; the question of listed versus unlisted bonds—that is, whether more of our unlisted bonds should not be listed—for the year 1910 only about thirty-five per cent. and in 1911 about forty-four per cent. of new bonds issued were listed. And finally the matter of the distribution of our securities; what can be done, if anything, to lessen our advertising and selling expenses and make our public offerings entirely reliable and more attractive.

We could, in my judgment, maintain in the office of the secretary a statistical library, which in time would grow to be of much value to our membership on the principle that the more knowledge one has the farther one can see into the future. We might also issue periodically a bulletin on proposed legislation, giving recent court decisions and decisions of public service commissions affecting stocks and bonds issued and about to be issued. Likewise keep our members and the public better informed as to the amount of money lost by investors in bond issues put out either by our own members or by those not members, hoping to correct present abuses and reduce losses to a minimum; likewise to aid in the detection of fraud and lend support to the prosecution of criminals found creating and selling worthless securities. It has been urged by some that the office of the secretary of this association would be the proper place for the deposit by each member, upon purchasing a new issue of municipal bonds, of a full set of legal papers, together with copy of legal opinion. This will tend to improve the standing and marketability of municipal bonds, especially those of the smaller municipalities.

The practice to-day of large banks and investment houses underwriting new securities that are later distributed through the smaller houses is certainly a growing custom, but a work that banks and investment houses must carry on with a great deal of care, or the bankers in the large cities at least will become so largely classed as promoters that suspicion will attach to them and prove harmful to the general investment business, as well as discredit sound banking. The rapid concentration of capital in holding companies controlling public utilities, thus centralizing management, has to date been helpful to the investor and to the consumer, but the business is growing so large and so fast as to bring with it many problems for our solution, the correct disposal of which is of much concern and of common interest to investment bankers and to

the public as well as to all commercial bankers.

The true value of corporate property is given as about \$60,000,000,000, as against \$15,000,000,000 in 1900, while we annually refund bonds amounting to \$500,000,000. The charge upon business is now very large and if business becomes depressed it must in the very nature of things grow less prof-



WARREN S. HAYDEN
OF HAYDEN, MILLER & CO., CLEVELAND, O.
ELECTED FIFTH VICE-PRESIDENT INVEST-
MENT BANKERS' ASSOCIATION.

itable. Otherwise we will invite a law similar to the "British Companies Act," whereby many corporations will be able to issue securities direct to the investing public, and the business of investment banking be somewhat reduced. It is already a fact that to-day first-class underwriting houses are meeting with more than ordinary difficulties in securing new issues of the proper quality. However, it is a tribute to the character of high-grade American bond houses that the same inflexible standards govern their purchases of securities irrespective of the state of the bond market.

Declining high-grade bond values have for

years constituted a world-wide phenomenon. In the necessary competition for public funds, the railroads have been hard pressed by the public service corporations, by the manufacturing industrials and by the newer municipalities, the credit of which precludes the sale of bonds on a low interest basis. The result has very naturally been a universal increase of interest rates; and the re-



FREDERICK R. FENTON
OF DEVITT, TRIMBLE & CO., CHICAGO, ILL.
ELECTED SECRETARY INVESTMENT
BANKERS' ASSOCIATION

adjustment process has been upward to the rates which industrials are willing to pay for capital, and not down toward the once common four per cent. return on railroad bonds, a return more honored now in the breach than in the observance. Many bond authorities deplore the present tendency toward higher yields; they say it smacks of a too liberal construction of the laws and ethics of wise investment—that nowadays the investor considers the rate first, then the bond itself. However that may be, it is useless to deny that high-priced capital is a condition, not a theory, and that so far as we may judge from the present and the

past, the hitherto favored corporate borrowers will be constrained to concede more and more to the insistent demand of the great investing body. Our railroads particularly face the problem of a falling freight rate and rising interest rate.

During the past two years we have been sending large amounts of capital to Europe and Canada, yet our railroads are unable to secure capital at home in large amounts, for the long period needed for financing necessary improvements, at rates they can afford to pay. Some have borrowed abroad, while many others are at a standstill. In sharp contrast to our situation is the extensive railroad building now being carried on in Canada under the fostering influence of a liberal government policy. It is my opinion that public sentiment in our own country has become so prejudiced against our railroads and their past management that we are sufferers from our efforts to re-adjust our methods on what we allege are more conservative lines. Is there any assurance that this same period of reaction will not attach to other forms of corporation financing? In fact, is it not already here? And should not bankers' associations, chambers of commerce, manufacturers' associations, etc., unite for the protection of our industries, which can best be secured, it seems to me, by a campaign of honest publicity and a broader education of our great army of voters, who periodically are used to create this adverse sentiment until the truth is made to appeal to them. Is it not time to recognize the value and importance of public sentiment and lend a hand to support markets for our securities at home and abroad, at least when public sentiment runs against us?

It is my judgment that the time has come when the business interests of this country are entitled to a hearing. We have recently witnessed the organization of the Chamber of Commerce of the United States of America, and it promises to be of great service and to do much good. Through such an association we can, if organized, expect to receive and to extend some support. Through a greater organization they expect to deal with business problems from a scientific standpoint. Why should not we do so? Unless through one central body we declare our ideas as a unit and express with a common voice the demands for legislation helpful to our business, how shall we get it? The mass of people to-day looks upon the present situation not only without fear, but with hopefulness. There is, however, a better understanding of finance, and of credits, a new basis for financing, and there is going to be a finer scientific attitude toward public affairs, a deeper desire for truth, a far more sensitive feeling toward human rights and a higher standard of integrity in all business affairs. There will be no destruction of things good, or confiscation of property. But there is a demand

that the security for our bond and stock issues should improve, and if we form this organization we shall be better prepared to take our share of the responsibility, which progress will require, and we will, I believe, be able to reap that reward which attaches to the legitimate promotion of America's industries.

This is the spirit of modern banking—whether commercial or investment—and is offered to you by your organization committee as a broad basis upon which to build the Investment Bankers' Association of America.

The preamble and constitution which appeared in the August **BANKERS MAGAZINE** was then read. After reading this, the chair appointed committees of seven members each on credentials, on the constitution and by-laws, and on nominations. While the committees on the constitution, etc., were drawing up their reports, E. E. Prussing, attorney for the Central Trust Company of Illinois, Chicago, and a member of the bar in that city, delivered an interesting address on the duties and opportunities of the investment banker.

EXTRACTS FROM THE ADDRESS OF E. E. PRUSSING.

Let us see what is the public function of the investment banker and how can it be developed by organization and public appreciation to the end that all may benefit.

The investment banker is an agent who seeks to place in more or less permanent form the surplus or savings of the community, so that the same shall bring an assured income and shall be available in case of need, through prompt sale, by reason of their soundness and security.

As such he performs an absolutely necessary service, because even large investors, banks and insurance companies in pursuit of the policy of dividing and scattering their risks and diversifying their investments must employ many channels and methods, which the investment banker alone seeks, develops and controls.

His function is the care of the community's financial reserve against panics, misfortune, old age, and the helplessness of the infirm, young and incompetent. To the banker who receives deposits, he is the next reliance after his cash and demand or short-time paper, and through him, he is the dependence of the entire community for relief, yes, solvency, in time of great financial stress.

He is the pioneer of enterprise, the agent of prosperity and the hope and reliance of the wise as well as the dependent, and the

confidence he invites and obtains is his greatest asset.

It is difficult to conceive a greater or nobler business function than his and only by a clear conception of it, its idealization, and a firm conviction of the necessity of its maintenance can the investment banker achieve success and do his duty.

A concrete example of the effect of sound



EUGRUE E. PRUSSING

ATTORNEY FOR THE CENTRAL TRUST COMPANY OF ILLINOIS, CHICAGO, AND A MEMBER OF THE BAR IN THAT CITY. A SPEAKER AT THE MEETING OF THE INVESTMENT BANKERS' ASSOCIATION.

principles in a well-known case will emphasize their importance.

In the "Life and Letters of John Murray Forbes" the great merchant and investment banker of Boston, who built the Michigan Central and Burlington roads and was the backer of the Bell Telephone, we find the story that his great fortune and wise prudence were largely founded on the confidence and the capital of two Chinese merchants whose acquaintance he made in the Far East and for whom he invested a large sum when he returned to this country, still a very young man, in the early days of railway construction. The letter of advice he received from them contained these rules:

"Look first to the security and next to

the rate of interest, then put into the investment as much of our money as you do of your own and we shall be content."

A careful compliance with these and similar fundamental requirements, not only in this instance but in all his long and active business career extending nearly seventy years, in which he faithfully served not only his clients but was the trusted confidant



C. T. WILLIAMS

OF THE FIDELITY TRUST COMPANY, BALTIMORE,
MD. ELECTED TREASURER INVESTMENT
BANKERS' ASSOCIATION

of Mr. Lincoln and his agent in England during a critical period of the war, brought reward in the development of a great character, public confidence and esteem seldom if ever surpassed in his community as well as a colossal fortune.

The opportunity and duty of the investment banker being defined, what is the value of this association? I answer:

First: To clearly state and by proper publicity of the character, number and capital of the men engaged in the business to demonstrate to the public the value and need of your profession.

Second: To maintain the ideal you profess by establishing the highest standard attainable in the practice of the profession and by submitting yourselves to reasonable requirements of public knowledge and

proper control of your methods by your own duly constituted authorities or otherwise, to insure that confidence of the public which is the only foundation upon which you can succeed.

Third: To invite and deserve that confidence by the advocacy and adoption of standard forms and proceedings, methods of valuation and bases of security, so that you may know of each other, and the public may believe with safety that a regularly constituted member of this association is one who is engaged in selling real securities, that he will have the support of his fellows in time of panic or stress, and that he will not be then engaged in a mad scramble to save himself alone, or worse yet, will be trying to increase the misfortunes of the community for his private gain.

Fourth and Last: (But by no means least) to educate the public and your successors in the profession in those principles and rules of wisdom and experience which you have acquired at such great cost of sorrow, labor and money, to the end that your neighbors and posterity may suffer less than you, thus emulating the great example of the philosopher who said: "If there must be war, let it be in my time that my children may have peace."

Some of the methods you may establish are:

The segregation of securities into their various classes and the clear definition of the respective value, qualities and functions of each class, their due relation to each other and the demands and needs of the investing public, the prevention of confusion of one class with another to the public's deception and detriment and the consequent discredit of your profession as a whole.

The classification and regulation of the men engaged in the profession, the knowledge of their character, ability, capital and activities, which an association like this gives to its members and the evidence to the public of the esteem in which they are held by their brethren will prove very valuable to the community and you. The influence upon foreigners of membership in an established, reputable and influential body making for the improvement of the investment field in both directions, purchase and sale, must not be overlooked.

The proper definition of the functions and place in the community of the investment banker and a perception of his limitations as well as of his power and possibilities for usefulness by the public will tend to much increase his standing and value.

Your opportunity and ability, if organized, for influencing public opinion and its expression in the form of law must be great, and a considerable check can be placed upon the operation of that cheerful rule which, it is largely believed, now obtains in legislation, "He's a banker, soak him."

J. N. Sechrest of the brokerage house of J. N. Sechrest & Co., Buffalo, N. Y., advocated the formation of a national investigating committee in the association. He said:

You will all agree with me, I think, when I say that the time has come when bankers and brokers must take decisive action to stamp out the frauds and schemes that fakery continually try to have us palm off upon an innocent public. You also will acquiesce when I declare that a dishonest broker or investment banker is a rarity. In most instances that have come to light where a broker offered worthless securities to the investing public, he has been more duped than those to whom he gave his word of honor that the securities were good. It is this which has resulted in the broker handling unlisted securities being classed among get-rich-quick and wild-cat schemers by some people. That is the condition which to-day is harming the brokerage business more than any other thing. We all know we must get away from it; not alone for ourselves, but for the sake of the public as well. It is that which is making many men enemies of the broker. The reason for that condition is that we practically are alone in our investigation of the proposition offered, and cannot go into it deeply enough or learn all that should be known of it.

This is where such an organization as the Investment Bankers' Association can be of true usefulness to the whole public as well as to its members. A clause in the preamble of the proposed constitution states that one of the principal purposes of the association is to combat fraudulent schemes. That is what we, our business and the general public have need of to-day.

The credentials committee recommended that all present who were registered as delegates be seated accordingly, the membership application of each applicant to be decided upon after the constitution and by-laws had been adopted and the admission requirements outlined. The committee on a constitution recommended its adoption essentially as drawn up. However, this clause was added to provide for changes and additional amendments:

This constitution can be amended at the first annual meeting by resolution submitted in writing at one session and passed at a subsequent session and thereafter this constitution can only be amended by written notice served on the secretary at least ten days before any annual meeting and then submitted in writing to the next annual convention of this association and

passed by two-thirds vote of all delegates present.

In the evening, the banquet at the Waldorf-Astoria was largely attended and seemed to satisfy the taste and expectations of all present. Informal addresses were made by George B. Cald-



WILLIAM W. MILLER
OF HORNBLOWER, MILLER & POTTER, NEW YORK.
ONE OF THE PRINCIPAL SPEAKERS AT THE
MEETING OF THE INVESTMENT
BANKERS' ASSOCIATION.

well, vice-president of the Continental and Commercial Trust and Savings Bank, Chicago; Allen G. Hoyt of N. W. Halsey and Company, New York, who presided as toastmaster; A. B. Leach, of A. B. Leach & Company, New York; F. R. Fenton of Devitt, Tremble & Co., Chicago, and Warren S. Hayden of Hayden, Miller & Co., Cleveland. W. W. Miller of Hornblower, Miller and Potter, New York, gave a valuable talk on the necessity of capital for home investment and the means we must employ to keep the same in our country. He said that the

laboring man has never been as well off as he is to-day. Labor is better employed than ever. However, the demands of the working man must not advance to the point where, because of the high cost of industry, capital will cease to earn a profitable dividend, and be induced to go abroad, which is tending to become the condition in this country.

The committee on nominations made its report as follows: President, George B. Caldwell, vice-president Continental and Commercial Trust and Savings Bank, Chicago; first vice-president, A. B. Leach of A. B. Leach & Co., New York; second vice-president, Hon. Frank W. Rollins of E. A. Rollins and Sons, Boston; third vice-president, William R. Compton, president of William R. Compton & Co., St. Louis; fourth vice-president, Louis B. Franklin, vice-president Guaranty Trust Company, New York; fifth vice-president, Warren S. Hayden of Hayden, Miller & Co., Cleveland; secretary, Frederick R. Fenton, of Devitt, Tremble & Co., Chicago; treasurer, C. T. Williams of the Fidelity Trust Company, Baltimore.

Board of Governors: George G. Henry, of William Salomon & Co., New York city; Erastus W. Bulkley of Spencer Trask & Co., New York city; Harold B. Clark of White, Weld & Co., New York city; Allen G. Hoyt of N. W. Halsey & Co., New York city; S. W. Webb and S. Buttrick, of Boston; G. W. Kendrick of E. W. Clark & Co., Philadelphia; G. K. Riley of Montgomery, Clothier & Tyler, Philadelphia; H. L. Duer of Duer, Lanahan & Co., Baltimore; R. L. Scoville of Pittsburgh; Harry E. Weill, Cincinnati, O.; F. Otis of Otis & Co., Cleveland; Charles R. Dunn, Detroit; C. Edgar Elliott, Indianapolis; Charles H. Schweppe of Lee, Higginson & Co., Chicago; W. M. L. Fiske and C. W. McNear, Chicago; J. H. Smith and Harold Kauffmann, St. Louis; E. M. Stevens, St. Paul; H. P. Wright, Kansas City; A. C. Foster, Denver; Herbert Witherspoon, Spokane; Sam B. Wakefield, San Francisco.

This association has started most auspiciously and if continued along present lines will do much to protect the interest of the investor.

All the bankers present were enthusiastic regarding the new association. Following are a few of the views expressed:

HERBERT WITHERSPOON, vice-president Spokane and Eastern Trust Company, Spokane, Washington: "Conditions in the West are better than ever before. The lumber mills in Washington are working full time and with the exception of a slight shortage in railroad cars due to the immediate necessity of moving the large crops, everything is well taken care of. However, with the prompt removal of the crops, this situation is speedily being remedied. Hence, the outlook for investment securities is excellent for with the increased prosperity will come additional investing, and it is essential that these surplus earnings go into legitimate channels of enterprise.

"It is fortunate that the Investment Bankers have formed an association, particularly so at this time. As soon as the organization is ready for the procedure, a law should be passed to curb and control the issuing of anything but the 'real worth' class of securities. I believe the most effective method would be for the association to co-operate with the State and Federal governments, and classify dealers in investment securities proportionate to their business in the different States, or entire country, if it is such, taxing them according to intrastate, interstate and Federal grades as the amount of their securities are, as a unit, represented. Of course, details would have to be enumerated in this law. Such a thorough investigation as a combination like that could secure would stop false capitalization, marketing undervalued securities, and avoid the chances of ignorance, due either to the inability of individual brokers to investigate securities properly, or the cunning exploitations of fraudulent 'values.' I believe this institution will be a great means of realizing results investment

bankers alone have never been able to accomplish."

JUDGE CHARLES F. FISHBACK of Fishback & Co., Chicago: "This association is an admirable organization. I believe it will be the balance between the investor and investment banker. Its presence will be a constraining influence on the flotation of undervalued securities. I am in favor of having the

association list all securities, and so control the values of what is marketed. The outlook for this institution is excellent."

Joseph M. Boyd, president of the Bank of Wisconsin, Madison, Wis., expressed approval of the aims of the Investment Bankers' Association and gave a good report of the crop outlook in his section.

AMERICAN BANKERS' ASSOCIATION — THIRTY-EIGHTH ANNUAL CONVENTION AT DETROIT, MICHIGAN

TENTATIVE PROGRAMME

BUSINESS SESSIONS OF THE ASSOCIATION, SECTIONS AND COMMITTEES

THE programmes of the various meetings follow. They are as complete as possible at this period, and are subject to change.

Monday, September 9, 1912.

AT THE HOTEL PONTCHARTRAIN

Morning—Committee meetings.

Afternoon, 2 o'clock—Executive Council.

AT THE DETROIT OPERA HOUSE

(Subject to change by vote of the Executive Council or by vote of the Convention.)

The hours indicated in this programme will be strictly observed.

Executive Council, Vice-Presidents and Honorary Guests are invited to take seats on the platform.

Tuesday, September 10, 1912.

FIRST DAY'S SESSION.

Convention called to order at 10 o'clock a. m. sharp by the President, William Livingstone.

Invocation—

Addresses of Welcome—Hon. Chase S. Osborn, Governor of Michigan; Hon. W. B. Thompson, Mayor of Detroit; Hon. Geo. H. Russel, President Detroit Clearing House; Hon. Homer Warren, President Detroit Board of Commerce.

Response to Addresses of Welcome—

Annual Address of the President—William Livingstone, Detroit, Mich.

Annual Report of the General Secretary—Fred. E. Farnsworth, New York City.

Annual Report of the Treasurer—J. Fletcher Farrell, Chicago, Ill.

Appointment of Auditing Committee by the President.

Annual Report of the General Counsel—Thomas B. Paton, New York City.

Annual Report of the Executive Council—Arthur Reynolds, Chairman, Des Moines, Ia.

Amendments to Constitution—Reported out from Executive Council by Arthur Reynolds, Chairman.

Annual Report of the Standing Protective Committee—Fred E. Farnsworth, Secretary.

Eleven-Thirty o'Clock.

Address—

Announcements.

Recess for Luncheon.

Tuesday Afternoon, 2 o'Clock.

Addresses and Miscellaneous Business.

Friday, September 13, 1912.

SECOND DAY'S SESSION.

Convention called to order at 10 o'clock a. m. sharp by the President, William Livingstone.

Invocation.

Invitations for next convention.

Reports of Sections—Trust Company,

Savings Bank, Clearing House, American Institute of Banking, State Secretaries.
 Reports of Committees.
 Announcements.
 Recess for luncheon.

 AFTERNOON SESSION, 2 O'CLOCK.

Unfinished business.
 Communications from Executive Council.
 Resolutions.
 Report of Committee on Nominations.
 Action on same.
 Installation of officers.
 Announcements.
 Adjournment.

 Executive Council. Arthur Reynolds, Chairman. At Hotel Pontchartrain, immediately following the adjournment of the convention, should the convention adjourn at a reasonable hour, otherwise at 8 o'clock p. m.

 TRUST COMPANY SECTION.

 WEDNESDAY AND THURSDAY
 MORNINGS, SEPTEMBER 11-12

 ORDER OF PROCEEDINGS.

Meeting to be called to order by the President of the Section at 10 a. m.
 Prayer.
 Address of Welcome.
 Reply to Address of Welcome and Annual Address of the President—F. H. Fries.
 Report of the Executive Committee—F. H. Goff, Chairman.
 Report of the Secretary—Philip S. Babcock.
 Report of the Committee on Legislation—F. H. Fries, Chairman.
 Report of the Committee on Protective Laws—Lynn H. Dinkins, Chairman.
 Report of the Committee on a Proposed Model Trust Company Law—Oliver C. Fuller, Chairman.
 Address—"The Money Trust Inquiry," George M. Reynolds, Chicago, Ill.
 Address—"Some Unscheduled Liabilities," Henry M. Bates, Esq., Dean of the University of Michigan.
 Address—"Achievements of the Trust Company Section During the Past Fifteen Years," Breckenridge Jones, St. Louis, Mo.

 TOPICS FOR DISCUSSION

The following subjects have been selected as of interest to the Section, and it is hoped that they may promote active discussion by the members present, who are urged to speak freely upon them:

1. "Segregation of Savings Deposits Held in Trust Companies."

2. "Advantages of Co-operative Publicity of Trust Company Functions."
3. "Annuities and Pension Funds for Employees."

General Discussion of such other topics as may be proposed, and may have the approval of the presiding officer.

Roll-Call of States, to be answered by the Vice-Presidents of the Section in brief written reports dealing with the history of the trust companies in the several States during the preceding year, and with the conditions under which they are now operating, and other matters of interest now pertaining to them. (Vice-Presidents may be heard from in brief addresses amplifying or explaining any topics contained in their reports by giving previous notice of their intention to the Secretary.)

Election and Installation of Officers.
 Unfinished business.

 SAVINGS BANK SECTION.

 WEDNESDAY AND THURSDAY
 MORNINGS, SEPTEMBER 11-12,
 9.30 O'CLOCK A. M.

 ORDER OF PROCEEDINGS.

 WEDNESDAY.

Invocation.
 Greetings.
 President's Address—Alfred L. Aiken, President Worcester County Institution for Savings, Worcester, Mass.
 Report of Executive Committee—J. F. Sartori, President Security Trust and Savings Bank, Los Angeles, Cal.
 Report of Secretary—E. G. McWilliam, 5 Nassau street, New York.
 Report of Law Committee—John H. Sturgis, Treasurer Franklin Savings Bank, Boston.
 Report of Membership Committee—F. C. Nichols, Treasurer Fitchburg Savings Bank, Fitchburg, Mass.
 Report of Committee on School Savings Banks—N. F. Hawley, Treasurer Farmers and Mechanics Savings Bank, Minneapolis, Minn.
 Address—"The Postal Savings Bank and the Banks," Hon. Frank H. Hitchcock, Postmaster-General of the United States.
 Appointment of Nominating Committee.

 THURSDAY.

Invocation.
 Report of Committee on Methods and Systems—V. A. Lersner, Assistant Cashier, Williamsburgh Savings Bank, Brooklyn, N. Y.
 (Short discussion).
 Address—"European Land Banks," Edward Chamberlain, Vice-President San

Antonio Loan and Trust Co., San Antonio, Tex.
 Address—"The Savings Bank and the Community," John J. Pulleyn, Comptroller Emigrant Industrial Savings Bank, New York.
 Report of Nominating Committee.
 Elections of President, Vice-President, three members of Executive Committee to serve three years, and State Vice-Presidents.
 Installation of Officers.
 Meeting of Executive Committee immediately following adjournment.

CLEARING HOUSE SECTION.

WEDNESDAY AND THURSDAY MORNINGS, SEPTEMBER 11-12.

Wednesday, September 11, 1912, 9.30 a. m.
 Call to Order—President Chas. A. Ruggles.
 Invocation—Rev. Sam'l S. Marquis, D. D., St. Paul's Cathedral, Detroit.
 Address of Welcome—Jas. T. Keena, Counsel People's State Bank.
 Response to Address of Welcome—Sol Wexler, New Orleans.
 Annual Address of the President.
 Annual Report of the Executive Committee.
 Annual Report of the Secretary.
 Action on the Above Reports.
 A Discussion of the Numerical System—Led by C. R. McKay, Chairman of the Numerical Committee.
 "Functions of the Modern Clearing House," Joseph T. Talbert, New York.
 Thursday, September 12, 10 a. m.
 Call to Order.
 Discussion—"Collection of Country Checks Through the Clearing House," led by Jerome Thralls, Manager Kansas City Clearing House.
 Discussion of Uniform Clearing House Reports and Bank Transactions, led by Frank Green, Managing Editor "Bradstreet's."
 Nomination and Election for:
 President:
 Vice-President.
 Members of Executive Committee.
 Call of Cities.
 Questions.
 Installation of Officers.
 Adjournment.

STATE SECRETARIES' SECTION.

WEDNESDAY AND THURSDAY MORNINGS, SEPTEMBER 11-12.

ORDER OF PROCEEDINGS.

9.30 a. m. Wednesday and Thursday, September 11-12.
 Meeting called to Order by the President.
 Invocation—

Roll Call.

Regrets.

Address of Welcome—Mrs. H. M. Brown, Secretary Michigan Bankers' Association, Detroit.

Response to Address of Welcome—S. B. Rankin, Columbus, Secretary Ohio Bankers' Association.

President's Address—J. W. Hoopes, Austin.
 Report of the Secretary-Treasurer—F. M. Mayfield, Nashville.

Address—"Bank Publicity," F. W. Ellsworth, New York, Guaranty Trust Company.

Address—"The Boys Behind the Guns," Judge O. E. Dunlap, Waxahachie, Texas.

Address—"Is it Advisable for an Association to Endorse and Receive Special Prices on Bank Equipment?" Charles R. Frost, Minneapolis, Secretary Minnesota Bankers' Association.

Address—"Central Bureau of Credit Information," R. L. Crampton, Chicago, Secretary Illinois Bankers' Association.

Address—"Protective Service," William B. Hughes, Omaha, Secretary Nebraska Bankers' Association.

Address—"Wealth Production Activities," W. C. Macfadden, Fargo, Secretary North Dakota Bankers' Association.

Address—"A Plan to Eliminate Conflict in Convention Dates," Haynes McFadden, Atlanta, Secretary Georgia Bankers' Association.

General Discussion.

Unfinished Business.

New Business.

Election and Installation of Officers.

Adjournment.

TOPICS FOR GENERAL DISCUSSION.

Legislation—Is it advisable to divide the organization into groups and for these groups to hold annual meetings?

NATIONAL ASSOCIATION OF SUPERVISORS OF STATE BANKS.

Eleventh annual convention will be held in Detroit convention week. Time and place to be announced later.

PRELIMINARY ENTERTAINMENT.

MONDAY, September 9:

12.30 p. m. to 2 p. m. Reception and luncheon at the plant of the Burroughs Adding Machine Company.

4.30 p. m. Steamer Tashmoo for ride on Detroit River and Lake Ste. Claire; returning about 10 p. m. Luncheon served aboard the boat.

TUESDAY, September 10:

8 p. m. Reception to visiting bankers and ladies at the Wayne Pavilion.

9 p. m. Ball at Wayne Pavilion.

WEDNESDAY, September 11:

2 p. m. Golf tournament at the Country Club. The chairman of the Golf Com-

mittee announces that suitable prizes will be offered.

3 p. m. Baseball at Navin Field. Detroit vs. Philadelphia. A section has been reserved for visiting bankers.

8 p. m. Theatre.

THURSDAY, September 12:

3 p. m. Baseball at Navin Field. Detroit vs. Philadelphia. A section has been reserved for visiting bankers.

3.30 p. m. Luncheon at Walkerville; compliments of Hiram Walker & Sons. Boat leaves foot Woodward avenue at 3.30 p. m. and returns about 7 p. m.

4 p. m. Reception for the ladies at the Country Club. The chairman having in charge this reception is exerting every effort to make this one of the most enjoyable functions of the week.

8 p. m. Theatre.

FRIDAY, September 13:

Autos in attendance for visits to industrial plants at pleasure of visitors.

In addition to the programme as outlined, the Entertainment Committee has other features for the entertainment of guests which will be announced as soon as the details can be worked out.

NOMINATIONS MADE AT CONVENTIONS OF THE VARIOUS STATE BANKERS' ASSOCIATIONS AND CERTIFIED TO THE AMERICAN BANKERS' ASSOCIATION TO AUGUST 6, 1912, INCLUSIVE.

MEMBERS OF THE EXECUTIVE COUNCIL.

Georgia: Joseph A. McCord, Vice-President, Third National Bank, Atlanta.

Idaho: J. E. Clinton, Jr., Vice-President Boise City National Bank, Boise.

Iowa: D. H. McKee, Vice-President German Savings Bank, Davenport; H. M. Carpenter, President Monticello State Bank, Monticello.

Kansas: E. E. Ames, Vice-President Central National Bank, Topeka.

Maine: E. S. Kennard, Cashier Rumford National Bank, Rumford.

Massachusetts: Downie D. Muir, Vice-President First National Bank, Boston; William A. Mackie, Cashier First National Bank, New Bedford. (Contingent.)

Michigan: Dudley E. Waters, Chairman of the Board, Grand Rapids National City Bank, Grand Rapids.

Minnesota: Joseph Chapman, Jr., Vice-President Northwestern National Bank, Minneapolis.

Missouri: J. S. Calfee, Cashier Mechanics-American National Bank, St. Louis; A. D. Buckner, Cashier Paris National Bank, Paris. (Contingent.)

New Jersey: H. G. Parker, President National Bank of New Jersey, New Brunswick. (Contingent.)

New York: Walter H. Bennett, Vice-Presi-

dent American Exchange National Bank, New York.

North Dakota: J. L. Bell, Vice-President First National Bank, Bismarck. (Contingent.)

Pennsylvania: D. C. Wills, Cashier Diamond National Bank, Pittsburgh.

Tennessee: Jo L. Hutton, President Phoenix National Bank, Columbia; D. M. Armstrong, Cashier Commercial Trust and Savings Bank, Memphis.

Note: One of the above nominations is on a contingent basis.

Texas: W. F. McCaleb, President West Texas Bank and Trust Company, San Antonio.

Washington: W. D. Vincent, Cashier Old National Bank, Spokane. (Contingent.)

Wisconsin: E. M. Wing, Vice-President Batavian National Bank (three years), La Crosse; F. J. Carr, President Bank of Hudson (two years), Hudson.

FOR VICE-PRESIDENTS OF THE DIFFERENT STATES AND TERRITORIES.

Alabama: Eugene F. Enslen, President Jefferson County Savings Bank, Birmingham.

Arkansas: Stuart Wilson, Cashier State National Bank, Texarkana.

California: C. W. Bush, President Bank of Yolo, Woodland.

Connecticut: C. Leslie Hopkins, Cashier First National Bank, Norwich.

District of Columbia: George W. White, President National Metropolitan Bank, Washington.

Florida: Bainbridge Richardson, President Germania Bank, Jacksonville.

Georgia: E. A. Pendleton, Cashier National Exchange Bank, Augusta.

Idaho: G. E. Bowerman, President First National Bank, St. Anthony.

Iowa: B. B. Clark, President Red Oak National Bank, Red Oak.

Kansas: C. N. Prouty, Cashier Exchange State Bank, Kansas City.

Louisiana: J. H. Fulton, President Commercial National Bank, New Orleans.

Maine: Sumner C. Parcher, Cashier York National Bank, Saco.

Maryland: William J. Chapman, Director Maryland National Bank, Baltimore.

Massachusetts: Frank A. Drury, President Merchants National Bank, Worcester.

Michigan: Vernon T. Barker, President Home Savings Bank, Kalamazoo.

Minnesota: W. H. Putnam, President Bank of Pierce, Simmons & Co., Red Wing.

Missouri: C. C. Evans, Secretary-Treasurer Sedalia Trust Company, Sedalia.

New Jersey: Harry Conard, Cashier First National Bank, Perth Amboy.

New York: Bradford Rhodes, President First National Bank, Mamaroneck.

North Carolina: W. C. Wilkinson, Cashier Merchants and Farmers National Bank, Charlotte.

North Dakota: J. J. Earley, Cashier Bank of Valley City, Valley City.
 Ohio: P. W. Huntington, President Huntington National Bank, Columbus.
 Oklahoma: G. D. Davis, Cashier National Bank of Claremore, Claremore.
 Oregon: J. H. Albert, President Capital National Bank, Salem.
 Pennsylvania: W. F. Weston, President Kane Bank and Trust Company, Kane.
 South Carolina: E. P. Grice, Cashier People's National Bank, Charleston.
 South Dakota: W. E. Stevens, President State Banking and Trust Company, Sioux Falls.
 Tennessee: I. B. Tigrett, Cashier Union Bank and Trust Company, Jackson.
 Texas: William R. Hamby, President Citizens Bank and Trust Company, Austin.
 Virginia: Julien H. Hill, Cashier National State and City Bank, Richmond.
 Washington: M. F. Backus, President National Bank of Commerce, Seattle.
 West Virginia: Edwin Mann, President First National Bank, Bluefield.
 Wisconsin: E. A. Dow, President State Bank of Plymouth, Plymouth.
MEMBERS OF NOMINATING COMMITTEE.
 Alabama: Louis B. Farley, President New Farley National Bank, Montgomery.
 Arkansas: S. S. Faulkner, President First National Bank, Helena.
 California: W. D. Longyear, Cashier Security Trust and Savings Bank, Los Angeles.
 Connecticut: Charles E. Hoyt, Secretary-Treasurer South Norwalk Trust Company, South Norwalk.
 District of Columbia: A. G. Clapham, President Commercial National Bank, Washington.
 Florida: A. Livingston, Jr., President Citizens Bank, Madison.
 Georgia: Mills B. Lane, President Citizens and Southern Bank, Savannah.
 Idaho: W. E. Miller, Cashier First National Bank, Nampa; Alternate, F. H. Parsons, Cashier Pacific National Bank, Boise.
 Iowa: J. L. Edwards, President Merchants National Bank, Burlington.
 Kansas: W. J. Bailey, Vice-President Exchange National Bank, Atchison.
 Louisiana: N. E. North, President First National Bank, Lake Charles.
 Maine: Blin W. Page, Cashier First National Bank, Skowhegan.
 Massachusetts: George W. Hyde, Assistant Cashier First National Bank, Boston.
 Maryland: Waldo Newcomer, President National Exchange Bank, Baltimore.
 Michigan: H. B. Webber, President National Bank of Ionia, Ionia.
 Minnesota: J. W. Wheeler, Vice-President Capital National Bank, St. Paul.
 Missouri: F. T. Hodgdon, Cashier Farmers and Merchants Bank, Hannibal; Alternate, John A. Schreiber, Cashier First National Bank, St. Charles.

New Jersey: I. Snowden Haines, Cashier Mechanics National Bank, Burlington.
 New York: Daniel M. Hopping, President Yonkers National Bank, Yonkers.
 North Carolina: J. B. Blades, President New Bern Banking and Trust Company, New Bern.
 North Dakota: Mrs. L. A. Batcheller, President First National Bank, Fingal.
 Ohio: W. S. Kent, President Kent National Bank, Kent.
 Oklahoma: H. M. Spalding, President People's Bank, North Enid.
 Oregon: J. L. Hartman, of Hartman & Thompson, Bankers, Portland.
 Pennsylvania: Charles A. Kunkle, Cashier Mechanics Bank, Harrisburg.
 South Carolina: Ira B. Dunlap, Cashier National Union Bank, Rock Hill.
 South Dakota: J. E. Platt, Cashier Security Bank, Clark.
 Tennessee: Joseph P. Gaut, President Holston National Bank, Knoxville.
 Texas: Oscar Wells, Vice-President Union National Bank, Houston.
 Virginia: Carroll Pierce, Vice-President Citizens National Bank, Alexandria.
 Washington: J. W. Spangler, Vice-President Seattle National Bank, Seattle.
 West Virginia: J. H. Knapp, Secretary Citizens Trust and Guaranty Company, Parkersburg.
 Wisconsin: George N. Fratt, Cashier First National Bank, Racine.

REGISTRATION AT THE CONVENTION.

HOTEL PONTCHARTRAIN HEADQUARTERS.

Registration in Flamingo Room—Office Floor.

Members may register for those attending the convention as follows:

One delegate, who *must be an officer, director or trustee* of the institution he represents, or a *member of a banking firm or a private banker*, and for

One guest, who must be a member of the delegate's family or some one connected with his bank, otherwise a charge of \$10 will be made.

For additional guests that may be registered the payment of \$10 will be required for each such registration. All funds collected on account of registration of extra guests go to the local committee at Detroit towards defraying the expense of the entertainment provided for such guests, and the charge is based on a resolution of the Executive Council.

On arriving at the registration headquarters answer distinctly the questions asked of you by the stenographer.

Should you reside in a place other than where the bank you represent is located, register on account of such bank under the city in which it is located.

If the guest accompanying is not con-

nected with the institution represented, nor a member of the delegate's family, inform the stenographer, after you have registered as a delegate, that you wish to register for an "extra guest" or "extra guests," as the case may be. Separate registration cards will be used for such guests, hence this request.

As indicated above, one person should make the necessary registrations on account of the member bank, banker or private banking firm. This will prevent an unnecessary attendance at the registration quarters and any possible confusion will thus be avoided.

Read the registration cards that may be handed you, and then present the same at the proper desk at the headquarters and receive your badges and souvenirs.

The association will publish daily its own registration list.

HOTELS AND STEAMER "CITY OF DETROIT III."

The chairman of the Hotel Committee states that already between 1,700 and 1,800 people have been well taken care of at the hotels and that now the new steamer "City of Detroit III" has been chartered for use as a hotel during convention week. This virtually means adding another Pontchartrain to Detroit's list of hotels, as this boat is equal in accommodation and cuisine to the very best hotels of the country.

The boat is the final word in passenger boat construction and the largest and best steamer afloat on fresh water. Arrangements have been made in case of hot weather to run the boat up into Lake St. Claire at one o'clock in the morning, returning to her berth after breakfast.

The "City of Detroit III" will be docked near the Wayne Pavilion, where the ball is to be held on Tuesday evening. This is within a very short distance of the Michigan Central and the Union stations and is 300 feet from the Woodward avenue car line, four minutes' ride from the Pontchartrain.

The general arrangement of cabins, passageways and staterooms is such that a very large portion of the ship has the best of natural ventilation. Where artificial circulation of pure air is desirable, a new system is installed, by which rooms are continually supplied with washed air. On the three decks, the promenade, the gallery and the upper, are 600 staterooms and twenty-five parlors with private verandas. All staterooms on the ship are supplied with hot and cold running water, and telephones with all connections necessary for shore service.

There are still good accommodations to be had at the hotels, but the chartering of the "City of Detroit III" makes it an assured fact that Detroit will give the delegates of the American Bankers' Association the very best of accommodations.

REDUCED RAILROAD RATES TO THE CONVENTION.

CENTRAL STATES—Central Passenger Association: Summer tourists' fares will apply and are sold daily to Detroit, carrying return limit of October 31, 1912, except that from points where such fares do not apply the rate of two cents per mile in each direction will be granted and tickets will be issued as of September 7, 8 and 9, inclusive, good to reach the original starting point not later than midnight September 17, 1912.

CHICAGO WEST—Western Passenger Association: Summer tourists' fares will be in effect from points in the Western Passenger Association territory.

NEW ENGLAND STATES—New England Passenger Association: Lines in this association, with the exception of the Bangor & Aroostook Railroad, Dominion Atlantic Railway & S. S. Lines and Eastern Steamship Corporation, announce the following: One and one-half first-class limited fare to Trunk Line western terminal plus summer excursion fares tendered therefrom for the round trip, *going and returning via same route only*—one and one-half west-bound differential to apply, except N. Y., N. H. & H. R. R. fares will be made double local to junction points; tickets stand. Form S to be sold, and good, going, September 6 to 8, and returning to reach original starting point not later than September 18.

LAKE STEAMER LINES—No tickets to be issued reading via Lake Steamer Lines, but all-rail tickets will be honored by Lake Steamer Lines between Buffalo or Cleveland and Detroit under optional arrangements with rail lines. Meals and berths extra.

NEW YORK AND THE EAST—Trunk Line Association: One and one-half first-class limited fare to Trunk Line western terminal plus tender of two cents per mile in each direction from Niagara Frontier and summer excursion fares from other points for the round trip, *going and returning via same route only*; ticket to be sold and good, going, September 6 to 8, and returning to reach original starting point not later than September 18.

SOUTH-WEST—Southwestern Passenger Association: Summer tourists' fares will apply and tickets are on sale daily from practically all points in the Southwestern Passenger Association territory, with final limit up to and including October 31, 1912, at rate of two cents per mile in each direction.

PACIFIC COAST STATES—Trans-Continental Passenger Association: Round-trip summer tourists' fares will apply. From North Pacific Coast points, which include such points as Portland, Seattle, Tacoma, etc., the fare will be \$82.50 to Detroit and \$72.50 to Chicago. There will be no through fares authorized from California points to Detroit, but delegates may buy round-trip tickets from California to Chicago at rate of \$72.50

and rebuy from Chicago. The dates of sale from the territory described and Arizona are August 29, 30 and 31; September 4, 5, 6, 7 and 8. Stop-overs can be made at all points en route within going transit limit of fifteen days from date of sale and within final limit of October 31, 1912, except that stop-overs will not be permitted in California on the going trip.

Full particulars can be secured from local

ticket agents of the various sections of the country above referred to concerning rates, routes, limit of tickets, etc.

For sections of the country not covered above, it is assumed that the various railroad companies therein will grant reduced rates and therefore application should be made direct to your local railroad agent regarding the same.

MONEY LAUNDRY A SUCCESS

OFFICIALS of the Treasury department are much pleased with the work done by the washing and ironing machine on greenbacks presented for redemption.

According to the present estimate

the Treasury will be able to save about nine-tenths of the notes offered for redemption if the machine is accepted. The machine cleans the notes, and after being ironed they are almost equal to new ones.

CHARGES ON INTERIOR CHECKS

THE New York Clearing House committee, which is investigating the subject of collection charges, has sent out a list of questions to New York bank and trust company officers asking for opinions.

The list of questions follows:

Do you believe that business is promoted and trade benefited by free clearance of country checks, and if so to what extent should it be encouraged or permitted?

Do you believe that each individual bank should be left free to exercise its own discretion in the matter of charges for collecting checks?

Do you or do you not believe that unrestricted freedom in this matter leads to indirect methods of effecting collections and to other methods and abusive practices, or tends to encourage loose and bad banking methods?

What effect, if any, do existing rules exert upon the trade of the city of New York?

If the existing rules should be abolished, how much in total amount, and from what sources do you estimate, de-

posit balances would be returned to New York banks?

Of such balances, what proportion in your opinion would represent merely floating checks in process of collection?

Do you consider balances arising from such sources profitable; in other words would New York city banks in your opinion lose or gain by abrogating the existing rules respecting collection charges?

In your experience, do you believe in any system which involves the free collection of out of town checks; if so, what in your opinion is the most equitable and practicable plan?

Do you consider a large volume of country checks of assistance to a bank in holding the business which it already has and in securing new business?

Do you consider such a scheme practicable, and if so, what suggestions have you to make concerning such a scheme?

In a general way, do you or do you not favor the suggestion of a department of the New York Clearing House to clear or collect checks drawn on out of town banks?

FOREIGN BANKING AND FINANCE

EUROPEAN

REPORT OF BANK OF IRELAND.

FOR the half-year ending June 30, the directors of the Bank of Ireland have declared a dividend of five per cent., £46,000 being placed to "rest" account, and £21,355 carried forward. The directors also recommended transferring £80,000 from "rest" account to reserve for depreciation of securities.

FRENCH FINANCING.

TO build model municipal tenement houses in which the rentals will be the lowest possible consistent with the upkeep of the property, the French Government has authorized the City of Paris to borrow \$40,000,000.

BANKING CONDITIONS ABROAD.

N. W. HARRIS, head of the well-known firm of N. W. Harris & Co., investment bankers, furnishes the following impressions of European financial conditions:

"Having just returned from a tour of two and a half months in Austria, Germany and France, and after conferring with some of their financiers, I am especially impressed with the great development in Germany during the past few years, particularly in its industries, in public im-

provements, fine new private residences in its cities and villages, new hotels and business blocks. The development in the cities has been as extensive as in our own American cities, and even more so in some respects. All these improvements have required the investment of large amounts of fixed capital and from a financial standpoint, I think this investment has been more rapid than the real increase of the wealth of the country justifies. The result is that interest rates in Germany are now higher than in any other part of Europe. In fact, there has been a financial stringency and there may be a financial depression in Germany, repeating the experience we have had here in America after a too rapid development.

"The Germans are now very desirous of enlarging their foreign markets especially, as they are overproducing and need a larger outlet for their manufactured goods. There are many influential people in Germany who are desirous of new colonies for development by the German people. They hoped to secure a large opening in Morocco, but last summer the Government was obliged to withdraw their demands. They are rapidly increasing their army and navy to take advantage of any opportunity to enlarge their dominions.

"In France the business situation is entirely the reverse of that in Germany. I visited several important provincial cities of France and in practically all there was

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$320,315.04

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

no marked increase in the development of their industries or in the erection of public or private buildings. The agricultural country of France is richer than that of Germany, but the French people are very saving and largely put their money out at interest and buy bonds of other nations, and the result is that they have a larger amount of gold than any other nation in Europe and the other countries are debtors to France.

"The bonds of European governments have greatly declined during the past fifteen years. The average decline in market value of the French, English, Belgian, Danish, Dutch, Norwegian, Prussian, Swedish and Swiss government bonds from August, 1897, to April, 1912, was about nineteen per cent. The cause of this great decline in market value is not the want of confidence of the investing public, but the enormous increase in the amount of bonds created. The European government debts alone increased during the period above named approximately \$5,700,000,000. The percentage of increase was sixty-six per cent. in Germany, forty-seven per cent. in Russia, twenty-six per cent. in Austria-Hungary, thirty-nine per cent. in Spain and sixty per cent. in Belgium. In France the national debt was lessened. The average percentage of increase, taking all the European countries, was twenty-three per cent. Augmenting this increase in European government debts is the bond output of the countries of the world outside of Europe, which go chiefly to the financial cities of Europe for funds. It is estimated that the private investors of Europe from 1897 to 1912 absorbed in new securities from countries outside of Europe the enormous sum of \$48,600,000,000. All these demands for money have more than absorbed the natural increase of the wealth of the country, so that a materially higher rate of interest is being paid to secure funds and a similar condition exists in this country. The facts are that a materially higher rate of interest is ruling over the world than was the case fifteen years ago, and with this general condition existing in the principal financial centres of Europe, we cannot expect a decrease in the rates of interest in this country, at least for some time to come.

"In England the changed conditions as to interest rates are more marked than in other European countries, except Germany. This is caused by the action of the Liberal Government regarding the pensioning of the poor, etc., which materially increases the taxes. The increase of the inheritance tax, also, has an effect, and all of these conditions work to drive out of England a very large amount of capital. As a result the London market has been favorable to American securities, and I look forward to a continued good market in London for some time to come for our securities."

LOAN IN TURKEY.

A LARGE Turkish loan is under consideration. The Minister of Finance has informed the Chamber of Deputies of a proposal to contract a loan of \$1,250,000,000 to \$1,500,000,000, to be used exclusively for productive works, such as the railways in Anatolia, etc. It is estimated that when these works are completed the development of means of intercommunication given the country will greatly reduce the public debt.

SWEDISH BANK CONSOLIDATIONS.

NOTICEABLE in the banking development of Sweden lately has been the tendency to consolidate the smaller institutions with the larger ones and the extension of Swedish banking facilities abroad.

BANKING SYSTEM OF SWITZERLAND.

THE number of banks in Switzerland at the close of 1910, according to Consul General R. E. Mansfield of Zurich, was 606. Of this number nineteen were State banks, or institutions of which the capital belonged to the respective Cantons. Their total capitalization was 183,000,000 francs—equivalent to \$35,319,000 in American currency. Of the remaining 587, the paid-up capital of twenty-four banks exceeded 10,000,000 francs each (one franc equals 19.3 cents), ninety-three were capitalized at 1,000,000 to 10,000,000 francs each, and 254 were local institutions which did not publish annual reports.

This comparatively large number of banking institutions in Switzerland, is, however, a matter of recent growth. Prior to the middle of the eighteenth century the industrial development of Switzerland, like that of the other States of continental Europe, did not justify the establishment of independent banking houses. Their functions were usually performed by commercial houses as a branch or special feature of their business.

In 1755 the city of Zurich organized a company having for its object the reinvestment, in foreign securities, of the funds received from depositors and from the issue of bonds. Although a State institution, it was conducted entirely independent of the financial department of the city. This bank, Leu & Co., still exists under the name given to it at the time of its organization—that of the first president of the institution—and the Swiss Republic thus enjoys the distinction of having one of the oldest incorporated banks on the Continent of Europe.

The outbreak of the French Revolution and the devastating wars of the Napoleonic

period were not conducive to the industrial development of the country, and no other banking institutions were organized (with the exception of some savings banks established during the first two decades of the nineteenth century) until about 1850, since which time there has been rapid development in the banking business.

Before the Swiss National Bank was founded in 1906 any Swiss bank having a capital of 500,000 francs (\$96,500) had the privilege of issuing bank notes, provided it was either a State institution or a stock company publishing regular reports. These banks were obliged to maintain a cash reserve of forty per cent. of their notes in circulation. The remaining sixty per cent. could be secured by State guaranty, by securities or by commercial bills of exchange. The Federal Government levied a tax of one per cent. on the amount of notes issued. The different Cantons were entitled to tax the note-issuing banks within their jurisdiction up to six per cent. on the same basis.

In 1888 there were thirty-four banks in the country issuing notes. A number of them were capitalized at or near the minimum stipulated by law, and the amount of cash reserve over and above the forty per cent. was in many cases small. As security for the remaining sixty per cent. a liberal use was made of the State guaranties. There was a lack of uniformity in discount rates, caused by the keen rivalry of these banks and of concerted action on their part in critical periods when a uniform raising of the rates would frequently have stopped the outflow of currency to other countries.

To overcome the disadvantages of this system the Federal constitution was amended in 1891, giving the government authority to establish a national bank, but it was not until January, 1906, that the law governing its functions went into effect. The present capital of the Swiss National Bank is 50,000,000 francs (\$9,650,000), divided into 100,000 shares, of which amount fifty per cent. has been paid in. Two-fifths were subscribed by the Cantons in proportion to their population and one-fifth by the old note-issuing banks; the remaining two-fifths were offered to the public in registered shares, the right of shareholders to vote being limited to Swiss citizens or firms domiciled in Switzerland. The National Bank and its branches are free from taxation by the Cantons.

The issue of bank notes by the Swiss National Bank is under control of the Federal Government, their nominal value being fifty, 100, 500 and 1,000 francs. The government may also permit temporarily the issue of twenty-franc notes. The reserve kept by the bank must be equal to the face value of the notes in circulation. It may consist of legal currency, of gold bars or foreign gold coins and bills of exchange, either domestic or foreign, and of

other domestic discountable certificates of indebtedness. The metal reserve must amount to forty per cent. of the face value of the notes in circulation, and the bills discounted must not bear less than two independent signatures. The bank is obliged to redeem its notes upon demand, giving legal currency in exchange therefor. The note-issuing privilege is given for a term of twenty years. Renewals of this privilege must be granted by Federal law and for periods of ten years only. The government reserves the right to take over the assets and liabilities of the National Bank in place of a renewal of the note-issuing privilege, by giving one year's notice. In this case the shares will be redeemed at par and interest at four per cent. during the period of liquidation. Of the reserve fund one-third will go to the government to be handed over to the new bank, one-third to the Cantons according to their population, and one-third to the old shareholders.

Other functions of the Swiss National Bank permitted by the law of January 16, 1906, as amended September 27, 1911, are: Discounting checks and drafts payable in Switzerland, running not longer than ninety days and bearing at least two independent signatures; purchase and sale of checks and of drafts (running not longer than ninety days and having at least two independent signatures) on foreign countries having a metal currency, and of treasury bills of such countries; granting loans for not longer than three months against deposit of securities and other certificates of indebtedness (excluding, however, shares of any kind); acceptance of deposits from the government or private parties, in the latter case without interest; collection of drafts; purchase of interest-bearing debentures of the government or of the Cantons, for the temporary investment of its funds; purchase and sale of precious metals, coined and in bars, for its own account and for account of others; issue of gold and silver certificates; custodianship (free of charge if they belong to the government) of securities and other valuables; purchase, subscription and sale of securities for account of others; acceptance of subscriptions of others on Federal and Cantonal loans, without becoming a participant itself in such loans. The bank is obliged to publish at regular intervals its discount and interest rates, to issue weekly statements showing its condition, and to publish annual reports.

The net income of the bank is distributed in the following manner: Ten per cent. (but not more than 500,000 francs in any one year) is added to the reserve fund; of the remainder, the shareholders receive a dividend not exceeding four per cent.; from the balance the Cantons are entitled to a certain amount to reimburse them for the loss of the privilege of issuing bank notes. This is based upon their authorized note issue on December 31, 1904, and upon their

Mexican Title-Mortgage Co.

Mexico City, Mexico

MEXICAN TITLES

EXAMINED

ABSTRACTED

PERFECTED

Foreclosures and Reorganizations Managed

Mexican Companies Organized

Foreign Companies Protocolized

Real Estate Properties Managed

Mexican Lands Bought and Sold

Concessions Obtained

It costs nothing to write us for particulars

NEW YORK OFFICE: - - - 25 BROAD STREET

population according to the last census. (If the net profits are not sufficient to provide for this reimbursement in full, the Federal treasury must advance the necessary amount, charging interest at three and one-half per cent. per annum, these advances to be returned as soon as possible.) Of the balance still remaining after reimbursement to the Cantons and after payment of such advances as may have been made by the Treasury, one-third goes to the government and two-thirds to the Cantons in proportion to their population according to the last census.

The general supervision and administration of the Swiss National Bank is in the hands of a board called the "bankrath," consisting of forty members elected for a term of four years. The first members of the board are the president and vice-president, who are elected by the Federal Council. Following their appointment, fifteen members are elected by the shareholders at their annual meeting and the remaining twenty-three members by the Federal Council. Of the latter number, not more than five may be members of Congress and not more than a like number members of the Cantonal governments. Members are eligible for re-election. Seven members of this board, including its president and vice-president, act as its delegates in the ad-

ministration of the bank. No Canton may be represented by more than one member in this administrative committee. The supervision of the branch offices lies with local committees consisting of three or four representative merchants of the respective localities, appointed by the board for a term of four years. The executive branch of the National Bank consists of three directors, appointed for six years by the bank council subject to approval by the Federal Government. One director and one sub-director are appointed in like manner for each of its branches.

Although the Swiss National Bank did not commence business until June 20, 1907, its development has been satisfactory. At present it maintains, besides its main offices in Berne, branches at Basel, Geneva, Lausanne, Neuchatel, St. Gall and Zurich. The notes in circulation on December 31, 1911, amounted to \$60,747,889, American currency, while the average metal reserve was 68.35 per cent. Domestic drafts to the amount of \$174,281,789 were discounted, and \$70,399,876 of foreign drafts purchased. The amount of cash on hand was \$40,719,830, of domestic drafts \$25,174,708, and of foreign drafts \$4,051,152. Its clearings amounted to \$3,373,644,597 and its net profits to \$497,016.

The influence of the Swiss National Bank

upon the finances of the country has already been a most beneficial one. The quality of the guaranty underlying the bank notes of Switzerland and the country's credit abroad is much improved. The note issue has acquired an elasticity sadly lacking under the old system. The discount rates have not only become much more stable, but more favorable to the country. The beneficial influence of the National Bank in this respect is best illustrated by the fact that whereas from 1903 to 1906 the average discount rate of Switzerland exceeded that of France, England, Germany, Belgium, Holland and Austria by 0.48 per cent. for the period 1908-1911 it was lower by 0.35 per cent. It has been estimated that this alone resulted in a saving to the country of \$2,271,300 for the four years.

The careful scrutiny to which drafts offered to the National Bank are subjected by it has exercised a most salutary influence on their character. Its powerful influence upon other Swiss banks has resulted in a decided improvement in their character and current assets. Last autumn, during a critical period in the banking business, the National Bank purchased foreign drafts to an amount almost equaling its entire reserve, which not only avoided an anticipated advance in the discount rate, but saved the Swiss money market from serious disturbance.

FOREIGN CO-OPERATIVE CREDIT ASSOCIATIONS.

THE first of a series of reports to be received from representatives of the government investigating the systems of co-operative credit in foreign countries has been issued from Washington.

In explaining the Schulze-Delitzsch system, one of these reports says:

The German artisan, as well as the German farmer, has provided himself with financial machinery to assist him in the conduct of his business. As with the farmer, co-operation is the basis of his banking scheme—cheap credit and quick credit is obtained for him by offering a collective guaranty. What he could not secure alone he finds readily obtainable when he combines his limited resources with those of his fellow workmen.

The system of banks which serves the artisan, the workman, and the small business man of the towns of Germany is known as the Schulze-Delitzsch system. As the membership of these banks includes a high percentage of agriculturists and their operations have an important bearing upon the question of financing the farmers, Ambassador Lelsham has included this system in the investigation which he is making in connection with President Taft's effort to establish co-operative credit in this country for the benefit of the American farmer.

As the social structure of the town is more complex than that of the farming community, so the structure of the Schulze-

Delitzsch or urban co-operative banks is more complex than that of the rural banks of the Raiffeisen type. Their membership includes men from many walks of life and of varying degrees of financial standing. It has been found necessary, therefore, to supply these banks with a larger foundation capital than is the case with the farmers' banks of the Raiffeisen type. The collective guaranty offered by the farmers is, indirectly, a land guaranty. The guaranty of town residents is not so well defined. Therefore, the members of the urban banks are required to subscribe a comparatively large amount for capital stock, and the banks operate upon this cash basis more in the manner of other banks than is the case with the Raiffeisen banks, which operate almost entirely upon the guaranties given by the members and with only a practically nominal capital.

Also the urban banks do more of a general banking business. Their larger cash capital makes this possible for them. They do not depend for their funds upon central co-operative banks, but receive loans from outside banks. They maintain a comparatively expensive management and seek to pay dividends upon their capital stock. This dividend runs generally from 5 to 7 per cent., but a few of the Schulze-Delitzsch banks of Germany pay as high as 10 per cent., and a dividend of 25 per cent. is not unknown.

The primary object of the urban banks is to furnish their members with cheap, quick money. They lend in two forms—loans on current account and loans for fixed periods. Loans on current account comprise something over 40 per cent. of the bank's business. Loans for fixed periods are made on pledge or by discounting bills of exchange. Also loans on mortgage form about 10 per cent. of their total loans. A small number of loans are granted without guaranty of any sort.

Capital shares in the Schulze-Delitzsch banks average a little over \$90. The liability of a shareholder is generally limited. The rate of interest paid for their money by these banks averages about 3½ per cent. of the total working capital, while the gross profits average about 5¼ per cent. of the working capital. Deducting from this margin the cost of operating the banks and other expenses, there is still left a net profit for distribution averaging about 8¼ per cent. of the share capital. A portion of this net profit is carried over as reserve and the remainder distributed as dividends.

Surplus funds not needed by the banks in making loans to members are deposited with outside banks or are invested in first-class securities. The urban banks in three provinces in Germany have organized central banks, but for the most part the banks are able to obtain money satisfactorily from outside banks and the three provincial central banks are not of much importance. The urban banks do, however, maintain current accounts with the Dresden Bank, a private bank, in order to facilitate the movement of their funds and to equalize their debits and credits.

The Schulze-Delitzsch banks were organized in Germany before the Raiffeisen rural banks. They were founded primarily to help the town dweller, the artisan, and small business man escape the clutches of the usurer. The farmer, however, came to use them as well as the artisan, and now farmers comprise about 25 per cent. of their total membership.

In considering the question of co-operative credit for the United States, it has been pointed out that the Schulze-Delitzsch system, as being more highly developed along strictly commercial lines than the Raiffeisen banks, would probably be best adapted to conditions in this country.

THERE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, Mgr.

—CORRESPONDENCE IS INVITED—

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. MEXICO, D. F.

President—**F. PIMENTEL Y FAGOAGA**

1st Vice-Pres.—**P. MACEDO**

2nd Vice-Pres.—**LUIS BARROSO ARIAS**

LATIN AMERICA

DEATH OF LUIS GURZA.

IT is with sincere regret that **THE BANKERS MAGAZINE** learns of the decease of Mr. Luis Gurza, vice-president of the Banco la Laguna, in Torreon, Coah., on July 24 last.

Mr. Gurza was for a long time connected with the bank and has largely contributed to its success.

MEXICO'S WEALTH.

IN the following table a compilation of the wealth of Mexico has been furnished by William H. Seamon (late of Chihuahua, who has had long experience in Mexico as a mining engineer.) According to the nationality of ownership the country's wealth is thus distributed as shown in the table herewith:

Classification.	American.	English.	French.	Mexican.	Others.
Railway stocks	\$235,464,000	\$81,237,800	.....	\$125,440,000	\$75,000
Railway bonds	408,926,000	87,680,000	\$17,000,000	12,275,000	38,535,380
Bank stocks	7,850,000	5,000,000	31,000,000	31,950,000	3,250,000
Bank deposits	22,700,000	.....	.....	161,963,042	18,560,000
Mines	223,000,000	43,600,000	5,000,000	7,500,000	7,830,000
Smelters	26,500,000	.....	.....	7,200,000	3,000,000
National bonds	52,000,000	67,000,000	60,000,000	21,000,000	.....
Timber lands	8,100,000	10,300,000	.....	5,600,000	750,000
Ranches	3,150,000	2,700,000	.....	14,000,000	.....
Farms	960,000	760,000	.....	47,000,000	1,250,000
Live stock	9,000,000	.....	.....	47,450,000	3,800,000
Houses & personal prop.	4,500,000	680,000	.....	127,020,000	2,760,000
Cotton mills .....	.....	450,000	19,000,000	6,000,000	4,750,000
Soap factories, etc.	1,200,000	.....	.....	2,780,000	3,600,000
Tobacco factories .....	.....	.....	3,238,000	4,712,000	895,000
Breweries	600,000	.....	178,000	2,822,000	1,250,000
Factories, miscellaneous.	9,600,000	2,780,000	.....	3,270,200	3,000,000
Tramways, power & electric light plants	760,000	8,000,000	.....	5,155,000	275,000
Stores:					
Wholesale	2,700,000	110,000	7,000,000	2,800,000	14,270,000
Retail	1,680,000	30,000	680,000	71,235,000	2,175,000
Oil business	15,000,000	10,000,000	.....	650,000	.....
Rubber industry	15,000,000	.....	.....	4,500,000	2,500,000
Professional outfits	3,600,000	850,000	.....	1,560,000	1,100,000
Insurance	4,000,000	.....	.....	2,000,000	3,500,000
Theaters	25,000	.....	.....	1,575,000	500,000
Hotels	260,000	.....	.....	1,730,000	710,000
Institutions, public and semi-public	1,200,000	125,000	350,000	74,000,000	200,000
Total	\$1,057,770,000	\$321,302,800	\$143,446,000	\$793,137,242	\$118,535,380

CHILE'S BANK CAPITAL.

CHILE's capital bank stock amounts to \$34,142,661.

A BRAZILIAN BOND ISSUE.

THE issue of £2,000,000 Brazil five per cent. ten-year convertible debentures offered in London by Speyer Bros., has been oversubscribed. The bonds are selling at one and one-half per cent. premium.

BANK OF THE REPUBLIC OF URUGUAY.

ASECTION of rural credit, with an initial capital of \$500,000, has been established in the Bank of the Republic, the central bank of Uruguay, and the formation of local rural credit banks has been accomplished in many sections of that

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$823,875.00

Deposits, \$3,002,244.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

country. The basis of the plan is said to be that of the Raiffeisen and Schulze-Delitzsch systems, which have been developed successfully in Europe.

BANK OF BRAZIL'S NEW BUILDING.

A NEW building is to be erected by the Bank of Brazil at Rio de Janeiro on land reclaimed from the sea at considerable expense. A request has been made by the bank to insert in the deed of the land's purchase a stipulation whereby that institution shall have six months in which to present plans of the building to be erected on the said site, and two years in which to erect the same. This will undoubtedly be granted.

AUSTRALASIAN

ROYAL BANK OF QUEENSLAND, LIMITED.

IN moving the adoption of the accompanying report and balance sheet, P. L. Cardew, chairman of directors of the Royal Bank of Queensland, Limited, said:

"In submitting to you the report and balance sheet for the past half year I am glad to be in a position to state that the bank continues to make steady and satisfactory progress. Capital shows an increase of £5,322, of which £932 is accounted for by uncalled capital voluntarily prepaid and £4,390 by additional preference shares, the total capital being £538,307. The reserve fund is £76,500. Bills payable

AGGREGATE BALANCE SHEET OF THE ROYAL BANK OF QUEENSLAND, LIMITED, MARCH 31, 1912.

LIABILITIES.

	£	s. d.	£	s. d.
Capital—69,999 £9 Ordinary shares	629,991	0 0		
Less uncalled liability of £2 10s. per share	174,997	10 0		
	454,993	10 0		
Capital prepaid being uncalled liability on Ordinary Shares	15,943	10 0		
6,737 £10 Preference Shares fully paid.....	67,370	0 0		
	538,307	0 0		
Reserve Fund	76,500	0 0		
Profit and Loss	16,562	16 10		
			631,369	16 10
Bills Payable			16,195	2 5
Deposits and other Liabilities			1,500,845	17 4
			£2,148,410	16 7

ASSETS.

	£	s. d.	£	s. d.
Coin on hand and Cash at Bankers	385,156	9 0		
Bullion	32,010	13 3		
Australian Notes	81,971	0 0		
Queensland Government Treasury Notes....	902	0 0		
Government Stock	76,977	0 3		
			577,017	2 6
Bank Premises, Furniture, etc.			74,296	0 10
Bills discounted, and all other debts due to the Bank			1,497,097	13 3
			£2,148,410	16 7

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

are less by £20,874 and deposits and other liabilities more by £29,975, a satisfactory increase. Of the assets you will notice coin on hand and cash at bankers are £385,156, or less by £59,735, but this decrease is fully accounted for by the increase of £3,398 in bullion, £28,236 in Australian notes and £45,115 in advances. The liquid assets are £577,017 and are equal to thirty-eight per cent. of the bank's liabilities to the public, a satisfactory decrease on the percentage of the previous half year, which then was unnecessarily high from an earning point of view. Bank premises are less by £196 and bills discounted and other debts due to the bank are more by £45,115 than the last half year, which shows that our advance business is not only being maintained, but steadily increased. The balance of profits available for distribution is £16,562 16s. 10d., a reasonable advance on that for the previous half year. The directors recommend payment of a dividend of five per cent. on all shares, which will amount to £13,034 19s. 10d.; interest on capital prepaid, £386 3s. 2d.; income tax, £734 15s., and the placing of £1,500 to contingency account, leaving £906 18s. 10d. to be carried forward. During the half year a branch of the bank has been opened at Yarraman, a good farming and dairying district. Since your last meeting nothing of any moment calling for special mention has taken place in banking. The State has enjoyed continued prosperity, and so far as one can judge, nothing is likely to interfere with that happy state of affairs, so long as we have good seasons, sound constitutional government, freedom from further unnecessary taxation and less industrial strife, also a reasonable recognition of the rights of property, undoubtedly an all-important factor in the prosperity of every country. I am pleased to report that your general manager and staff are again entitled to your thanks for their good services on your behalf."

GOVERNOR OF THE COMMON-WEALTH BANK.

AS the first Governor of the Commonwealth Bank, D. S. K. Miller, formerly Metropolitan Inspector of the Bank of New South Wales, assumed his new duties the past month.

BANK OF NEW SOUTH WALES.

THE half-yearly general meeting of the proprietors of the Bank of New South Wales was held at Sydney on May 28, the president of the bank, Sir Normand MacLaurin, occupying the chair.

The directors submitted their 123d report and a statement of the assets and liabilities of the bank on March 31, 1912.

The net profits for the half year, after deducting rebate on current bills, interest on deposits, paying note and other taxes, reducing valuation of bank premises, providing for bad and doubtful debts and fluctuations in the value of investment securities, and including recoveries from debts previously written off as bad, also providing for a special bonus granted to the staff of £35,000, amount to £215,114 13s., to which is to be added undivided balance from last half year, £80,701 1d., giving for distribution £295,815 13s. 1d., which the directors recommend to be dealt with as follows: To payment of dividend at the rate of ten per cent. per annum, £150,000; augmentation of the reserve fund, £60,000; balance carried forward, £85,815 13s. 1d.—£295,815 13s. 1d. During the past half year branches of the bank have been opened at Kensington (Sydney), in New South Wales; at Hamilton, in New Zealand, and at Hobart and Devonport, in Tasmania.

The branches and agencies of the bank now number 336. Sub-branches have been opened at Greenethorpe, Stockinbingol and Yeron Creek, in New South Wales, and at Warra, in Queensland.

BANK OF NEW SOUTH WALES— AGGREGATE BALANCE SHEET TO MARCH 31, 1912.

LIABILITIES.

Notes in circulation	£344,203	0	0
Deposits, accrued interest, and rebate	35,158,353	19	4
Bills payable and other liabilities (which include reserves held for doubtful debts and amounts at credit of investments fluctuation account, officers' fidelity guarantee and provident fund and the Buckland fund).....	4,828,514	5	9
Paid-up capital	3,000,000	0	0
Reserve fund	2,025,000	0	0
Profit and loss	295,815	13	1
Contingent liabilities—			
Outstanding credits, as per contra	1,011,153	15	11
	£46,663,040	14	1

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President

H. C. HEAD, Cashier

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted

Telegraphic Transfers

Foreign Exchange Bought and Sold

Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

ASSETS.

Coin, bullion and cash balances	£7,758,093	13	3
Australian Commonwealth notes	1,320,181	0	0
Queensland Government notes	468	0	0
Notes of other banks	9,810	0	0
Money at short call in London	1,515,000	0	0
Investments—			
British and Colonial Government securities	3,249,865	14	6
Municipal and other securities	287,764	2	11
Due by other banks	98,807	12	6
Bills receivable in London and remittances in transit	4,469,052	18	11
Bills discounted, and loans and advances to customers	26,147,853	16	1
Bank premises	795,000	0	0
Liabilities of customers and others on letters of credit as per contra	1,011,153	15	11
	£46,663,040	14	1

PROFIT AND LOSS MARCH 31, 1912.

Balance proposed to be dealt with as follows:

Dividend at the rate of 10 per cent. per annum	£150,000	0	0
Augmentation of the reserve fund	60,000	0	0
Balance carried forward...	85,815	13	1
	£295,815	13	1
	80,701	0	1

Amount from last account..			
Balance of half-year's profits after deducting rebate on current bills, interest on deposits, paying note and other taxes, reducing valuation of bank premises, providing for bad and doubtful debts, and fluctuations in the value of investment securities; and including recoveries from debts previously written off as bad—also providing for a special bonus granted to the staff of £35,000	215,114	13	0
	£295,815	13	1

RESERVE FUND, MARCH 31, 1912.

Balance	£2,085,000	0	0
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(Of which £750,000 is invested in British Government securities, and £500,000 in those

of States where we are represented—in all, £1,250,000. The balance is employed in the business of the bank.)

Balance	£2,025,000	0	0
Amount from profit and loss	60,000	0	0
	£2,085,000	0	0

ASIATIC

HONG KONG AND SHANGHAI BANKING CORPORATION.

AFTER making provision for depreciation in the bank's holdings of securities and writing \$250,000 off premises account, the directors of the Hong Kong and Shanghai Banking Corporation declared a dividend of \$9.72 per share, free of income tax, for the half year to June 30, adding to silver reserve \$250,000 and carrying forward \$1,950,000.

NEW BANK IN CHINA.

DR. SUN YAT SEN and General Huang Sing, who was Minister of War in the provisional cabinet of China, have concluded negotiations for the establishment in Shanghai of a foreign and Chinese bank with a capital of \$10,000,000. Their object is to checkmate the proposed foreign loan.

MONGOLIA'S DEVELOPMENT.

IN spite of numerous unfavorable conditions, the economic development of Mongolia is progressing.

Mr. Moskvitin, the chief adviser of the Mongolian authorities, in a report to the Russian Ministry of Finances, has recommended the establishment of a Russian bank there. The purpose of the bank is to assist Mongolia financially to meet the in-

creased expenditures, and advise the Mongolian Government as to new sources of income. In giving financial assistance to the Mongolian Government the Russian bank would obtain the right of controlling the expenditure of the income. It would, besides, be able to regulate the collection of the land tax, and to concentrate all commercial operations in its hands.

GROWTH IN MESOPOTAMIA.

MESOPOTAMIA'S recent announcements of new bank openings is taken as an index of increased commercial activity in that country. Closely following the extension of the National Bank of Turkey, Constantinople, into Bagdad, comes a report that the Eastern Bank, London, has extended its operations into this city. The Imperial Ottoman Bank has heretofore been the only bank in Bagdad.

CHINESE BANK BUILDINGS.

NEW bank buildings are being erected at many places in China of late. The Chartered Bank, Taiping, Federated Malay States, announces the beginning of construction of a modern home for its steadily increasing business.

BANK OF BOMBAY, BRITISH INDIA.

DIRECTORS of the Bank of Bombay have declared a dividend for the past half year at the rate of thirteen per cent. per annum, with a bonus at the rate of two

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital\$5,000,000

Subscribed Capital 2,000,000

Paid-up Capital 1,000,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

Agencies at all principal towns in the Republic.

Correspondents in the most important cities abroad.

BANKING BUSINESS TRANSACTED
OF EVERY DESCRIPTION

Special attention given to COLLEC-
TIONS—moderate commission :-

Dr. Guillermo Mazzini
President Director

G. Hemmeler
Manager

per cent. per annum, both free of Indian income tax, and place Rs. 65,000 to pension fund, leaving Rs. 357,819 to be carried forward.

NEW COUNTERFEIT GOLD CERTIFICATES

TEN-DOLLAR; series 1907; check letter "C"; plate number 186; W. T. Vernon, Register of the Treasury; Lee McClung, Treasurer of the United States; portrait of Hillegas.

\$20; series 1906; check letter "D"; plate number 40; W. T. Vernon, Register of the Treasury; Lee McClung, Treasurer of the United States; portrait of Washington.

These counterfeits are well executed photomechanical productions, printed on two pieces of thin paper, between which silk threads have been distributed in excellent imitation of the genuine.

The number of all the \$10 notes so far seen is B12178494. The number of the \$20 notes is D468527. These counterfeits appear to have been made by the same person responsible for the \$20 gold certificate described in Treasury circular letter No. 328, dated June 14, 1911, but he has improved on the earlier issue, particularly in the paper and imitation of the silk fiber.

These counterfeits have been circulated in the Southern States and are apt to deceive even the cautious handler of money.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

CHASE NATIONAL BANK OF NEW YORK

EXTENSIVE improvements have been made recently in the interior of the Chase National Bank of New York, in accordance with plans furnished by the well-known architects, Messrs. Walker & Gillette. The remodelling of the banking rooms has not only greatly added to their attractiveness but has to an important extent enlarged the working space, thus affording better facilities to the bank's staff and increased convenience to the public.

As is well known, the Chase National Bank is located in the Clearing-House

Building, one of the notably fine financial structures of the city, and with the remodelled interior has a banking home in keeping with its high rank among the banks of the country and in accordance with the demands of modern bank architecture.

THE BANK'S STANDING AND PROGRESS.

The improvement above referred to is but another evidence of the wisely progressive policy of the Chase National Bank, for it has been the aim of those charged

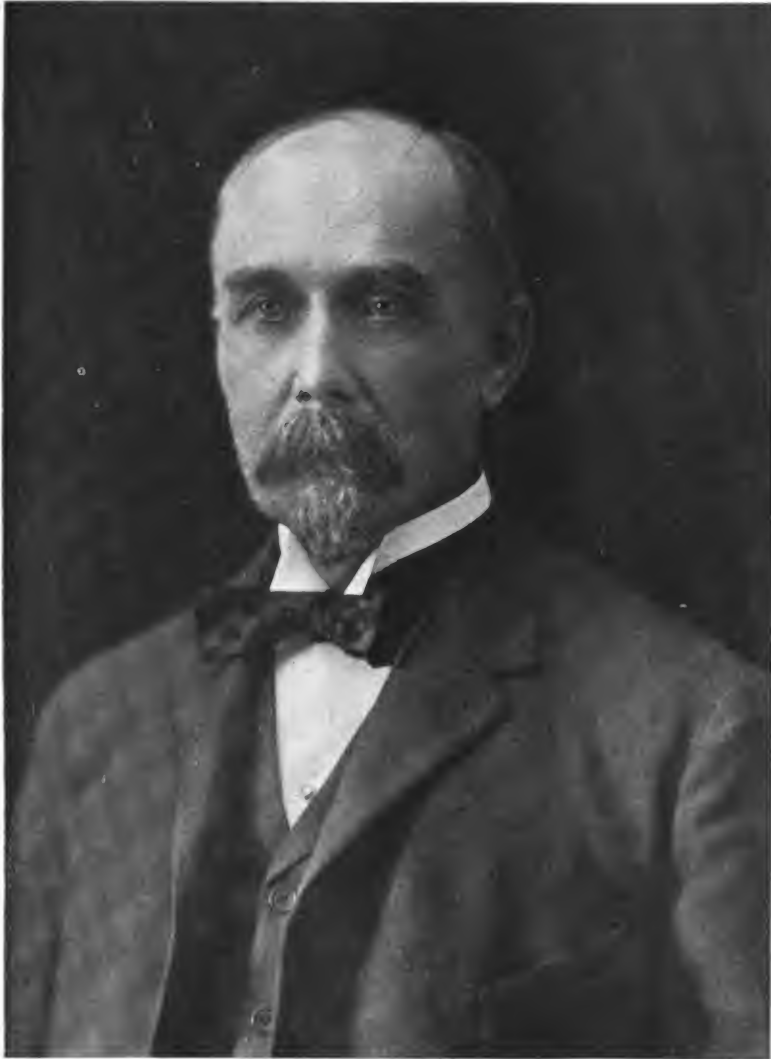


CHASE NATIONAL BANK, NEW YORK

with the management to keep the institution well equipped at all points for the safe, efficient and expeditious handling of business, and to provide adequately for sound growth. This policy has been reflected in the betterment of the physical equipment

vance it has made in solid reputation, for the Chase National Bank now ranks, indisputably, among the financial institutions of New York upon which the responsibilities of leadership have been imposed.

Named for Salmon P. Chase, the Secre-



A. BARTON HEPBURN

CHAIRMAN OF THE BOARD, CHASE NATIONAL BANK, NEW YORK

when necessary, the addition of new members to the official staff, and the determination to keep the capital and surplus properly proportioned to the liabilities.

The results of this policy appear in the bank's steady increase of business, and more than all, perhaps, in the constant ad-

tary of the Treasury during the Civil War, the Chase National Bank was organized in 1877 by John Thompson and his son, Samuel C. Thompson, who were also the organizers and for fourteen years managers of the First National Bank of New York. The Chase National Bank began business

in December of the year named, and prospered from the start.

An important change in management took place on October 30, 1886, when control of the bank passed into the hands of Henry W. Cannon (a former Comptroller

ier. James J. Hill shortly thereafter entered the directorate of the bank.

On July 1, 1887, the new management increased the capital from \$300,000 to \$500,000, the new stock being paid for at the book value of the old, viz., 180.



ALBERT H. WIGGIN

PRESIDENT CHASE NATIONAL BANK, NEW YORK

of the Currency), John G. Moore, Edward Tuck, Calvin S. Brice and General Samuel Thomas. Mr. Cannon was made president and subsequently William H. Porter, later president of the Chemical National Bank of New York and now a partner in the firm of J. P. Morgan & Co., became cash-

After the first year dividends were paid at the rate of six per cent. annually, gradually increasing to twenty per cent.

In December, 1897, the capital was further increased from \$500,000 to \$1,000,000, a cash dividend of \$500,000 being paid at the same time. Again, in December, 1906,



RIGHT HAND PUBLIC SPACE



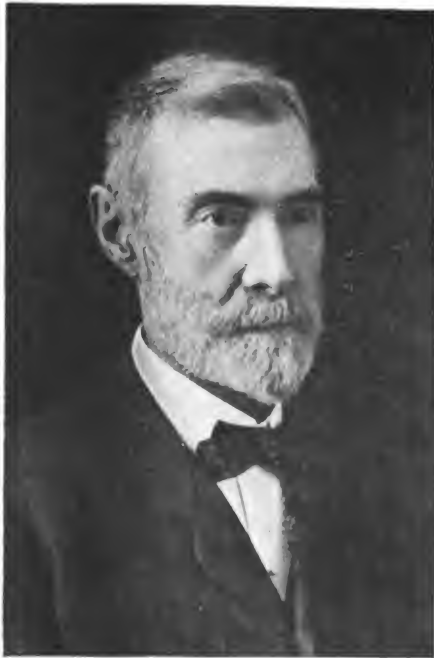
**LEFT HAND PUBLIC SPACE
CHASE NATIONAL BANK, NEW YORK**



SAMUEL H. MILLER
VICE-PRESIDENT CHASE NATIONAL BANK,
NEW YORK



HENRY M. CONKEY
CASHIER CHASE NATIONAL BANK,
NEW YORK



CHARLES C. SLADE
ASSISTANT CASHIER, CHASE NATIONAL BANK,
NEW YORK



EDWIN A. LEE
ASSISTANT CASHIER, CHASE NATIONAL BANK,
NEW YORK



WILLIAM E. PURDY
 ASSISTANT CASHIER, CHASE NATIONAL BANK,
 NEW YORK



ALFRED C. ANDREWS
 ASSISTANT CASHIER, CHASE NATIONAL BANK,
 NEW YORK



OFFICERS' QUARTERS
 CHASE NATIONAL BANK, NEW YORK

the capital was increased \$4,000,000, making it \$5,000,000, and coincident with this increase a cash dividend of 400 per cent. was declared, the dividend thus equalling the increase in the capital.

While altogether the stockholders of the bank have paid in \$660,000 on account of capital, the paid-in capital has been increased by the earnings of the bank, in the form of capital, surplus and undivided

A concise history of the bank's recent growth appears in the accompanying table, the figures having been compiled from official reports to the Comptroller of the Currency.

Among the national bank members of the New York Clearing-House Association the Chase National Bank ranks fourth in point of net deposits. The bank not only holds large individual deposits but has long been



BOARD ROOM
CHASE NATIONAL BANK, NEW YORK

profits, more than \$13,000,000, besides the regular dividends paid. The fact that the capital has been so largely increased out of earnings, and that the surplus has also grown from the same source, is of itself the highest possible commendation of the management of the Chase National Bank. The enlargement of the capital equipment to keep pace with the rise in deposits likewise affords an evidence of a due recognition of one of the most necessary requisites of prudent and efficient banking.

notable for its numerous bank correspondents in all parts of the country.

PERSONNEL OF THE BANK.

The foundations of the bank's success were carefully laid by its organizers, and upon this basis their successors have wisely builded. The bank has been fortunate in its directorate, representing diversified and strong financial interests. For many years its official head has been Hon. A. Barton Hepburn, a former Superintendent of the

Date.	Capital Stock.	Surplus.	Profits, Net.	Deposits.
1907 (Jan. 26)	\$5,000,000	\$4,000,000	\$436,107.71	\$63,345,861.54
1908 (Feb. 14)	5,000,000	4,000,000	991,134.04	80,898,767.35
1909 (Feb. 5)	5,000,000	5,000,000	931,026.47	105,842,591.06
1910 (Jan. 31)	5,000,000	5,000,000	2,028,362.56	106,702,942.61
1911 (Mar. 7)	5,000,000	5,000,000	3,382,871.64	118,547,760.58
1912 (Feb. 20)	5,000,000	5,000,000	4,102,671.43	133,433,675.81

Banking Department of the State of New York, former Comptroller of the Currency and at present President of the New York Clearing-House Association, and a man whose financial judgment is widely sought and as widely respected. He is an authority not only on banking itself but on all those matters where commerce and finance come into touch with banking, and is invariably consulted and looked to for wise leadership. His studies of banking and currency questions, combined with large experience and sound judgment, have justly given his opinions on those subjects and those collateral thereto the greatest weight.

Mr. Hepburn was formerly president of the Third National Bank of New York and vice-president of the National City Bank of New York, assuming the management of the Chase National Bank in 1898 and continuing as president until January, 1911, when he became chairman of the board.

Mr. Hepburn was succeeded in the presidency by Albert H. Wiggin, formerly officially connected with the Third National and later with the Elliot National of Bos-

ton. He came to New York in 1899, and before becoming vice-president of the Chase National (in 1904) was vice-president of the National Park Bank. Mr. Wiggin has had wide experience in banking, is associated in an executive capacity with several of New York's largest and strongest financial institutions, and is noted for keen business discrimination.

A complete list of the officers and directors of the Chase National Bank follows:

Chairman of the board, A. Barton Hepburn; president, Albert H. Wiggin; vice-president, Samuel H. Miller; cashier, Henry M. Conkey; assistant cashiers, Charles C. Slade, Edwin A. Lee, William E. Purdy and Alfred C. Andrews; directors, Henry W. Cannon, James J. Hill, Grant B. Schley, A. Barton Hepburn, John I. Waterbury, George F. Baker, Albert H. Wiggin, George F. Baker, Jr., Francis L. Hine.

Certainly it may be truthfully said that if the tests of banking are strength and service, the Chase National Bank of New York admirably meets those tests.

NEW BUILDING OF THE CONTINENTAL AND COMMERCIAL NATIONAL BANK, CHICAGO, ILL.

WHEN completed, the Continental and Commercial National Bank Building, now being erected on the block bounded by LaSalle street, Adams street, South Fifth avenue and Quincy street, will be the largest bank office building in the city of Chicago, and one of the finest and most carefully constructed buildings of its kind in this country.

Fronting on four streets, the new structure will have the benefit of light on all sides, while a large interior court will light the inner offices. The building has a frontage of 166 feet on LaSalle street and South Fifth avenue, and on Adams and Quincy streets a frontage of over 323 feet. It is to be twenty stories high.

The first basement on the LaSalle street side will be used for safe-deposit vaults containing 20,000 boxes, also trunk vaults. It will have elaborate public and customers' lobby, men's and women's waiting rooms, committee rooms, coupon rooms, aiming in every respect to make it modern and up-to-date in all its appointments. The vaults will be built of Harveyized nickelled steel armor plates. The steel walls are to be six inches in thickness and will be reinforced on the sides by a two-foot brick wall and on the top by two feet of solid concrete. There will be accommodations for 20,000 boxes, and large and small compartments and safes for the use of bankers, brokers and private individuals. The

interior of the vault will be finished in bronze beautifully polished. Every possible safeguard has been thrown around the entrance to these vaults in order to make them absolutely secure as well as fire and burglar-proof. Nickelled steel Harveyized armor plate, with which these vaults will be lined is the material employed by the United States Government, and in fact by all the powers of the world to protect their battleships. The walls, floors and ceilings of the lobby to the vaults will be faced with light colored imported marble.

The sub-basement will be used for fan room and building and bank storage, also refrigeration rooms. The sub-sub-basement is to be used for boiler rooms, engine room, pump room, coal bunkers, etc.

The Continental and Commercial National Bank with its various branches is to occupy the first, second, third and fourth floors of this building. The first floor will contain the grand lobby and elevator halls. The central portion of this floor is to face on Quincy and Adams streets, respectively, and contain the offices of the Continental Trust Co. and the Hibernian Banking Association. The offices in the four corners of the building will be used for renting purposes to brokers, etc. The freight entrance and freight receiving rooms will be located on the Quincy street side.

The grand loggia entrance to the building will be faced with light colored im-

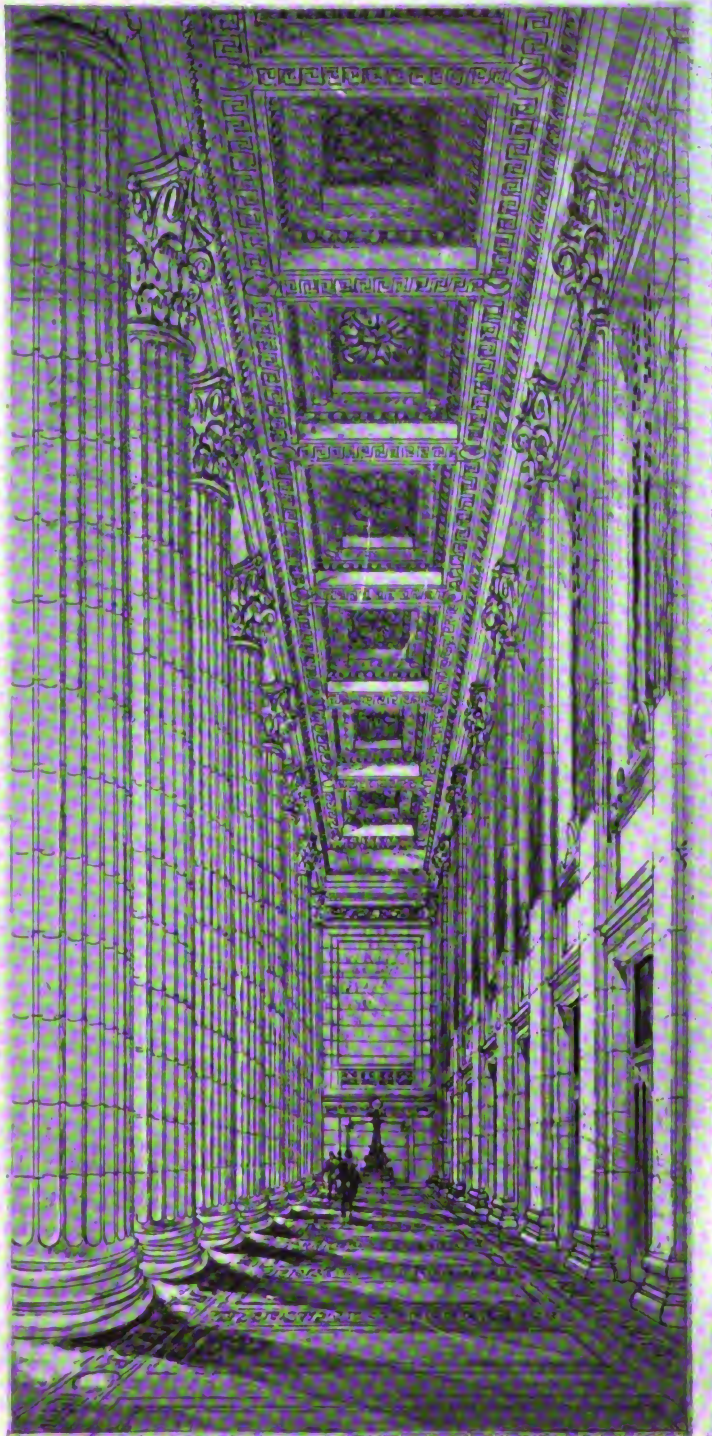
ported marble. The entire second or main floor is to be devoted to the Continental and Commercial National Bank with the exception of the necessary space reserved for public elevators leading to the office floors

above. The main rotunda of this banking room will be large, impressive, and covered with semi-circular vaulted glass sky light. The columns or piers supporting this will be of light colored imported marble. The



D. H. Burnham & Co., Architects, Chicago, Ill.

CONTINENTAL AND COMMERCIAL NATIONAL BANK BUILDING, CHICAGO, ILL.—VIEW
FROM LA SALLE STREET



D. H. Burnham & Co., Architects, Chicago, Ill.

**MAIN ENTRANCE COLONNADE, CONTINENTAL AND COMMERCIAL NATIONAL
BANK BUILDING, CHICAGO, ILL.**

walls of this room will also be finished in marble. The equipment of the banking offices will be of bronze and marble.

Every feature which enters into the design and proper working requirements of a bank of this magnitude has been considered and incorporated in the plans. Money lifts and private staircases connect the main banking room with the money vaults in the basement. For the purpose of cleaning the glass in the dome ceiling of the main banking room, a unique device in the shape of a light traveling bridge has been devised by the architects. The bank is also to use portions of the fourth, fifth and sixth floors on the Fifth avenue side of the building, being connected to the main banking room by means of elevators, staircases and dumb-waiters. The balance of these and the entire seventh floor up to and including the twentieth floor is for renting purposes. Toilet facilities in the office portion of the building are located on every floor, the barber shop being on the twelfth floor. The woodwork in all offices will be mahogany throughout. All the offices will be perfectly lighted and of various sizes, so that the requirements of the tenants can be met in every respect.

In the designing of the exterior, the architects have followed the Aristotlean principle of a beginning and end the base shaft and capital. The lower portion of the building comprises a large order of Doric columns with its proper entablature. These columns will be of a dark red granite in the loggia on the LaSalle street front.

On the sides and rear of the building the pilasters will be of a light gray granite. Above, on the first division, the shaft of the building will be of terra cotta, matching the light gray granite in the floors below. The capital or third division of the building will also be of terra cotta and will be formed by a smaller order with proper cornice and balustrade. The pedestals of the balustrades on the top of the building will each bear an electric lamp illuminating the building in the evening and making it a marked feature of the city.

The third division of the building will be rich and ornate, and treated in such a manner as to form a fitting and crowning feature. The walls of the interior court will be faced with enamel brick and terra cotta.

On the whole, this building will be built in a manner worthy of such a great structure, permanent, durable and complete. It will be a monument to the city, and worthy of the great institution for which it is being erected.

The Continental and Commercial Bank Building is one of the last works of the late D. H. Burnham of Chicago, who gave to this building the accumulated knowledge and experience gained during his many years of practice as an architect. Mr. Burnham's great ability and genius in the designing of these buildings was known and recognized by all. He was a pioneer in the development of sky-scraper construction, nearly every important city in this country containing a monument to his skill and ability as a constructive genius.

BANKING AND FINANCIAL MISCELLANY

HAMILTON'S TREES—FATAL DUEL WITH BURR RECALLED

From the Brooklyn (N. Y.) Daily Eagle.

THE announcement that the three tall sycamore trees which stand in a vacant lot at West 140th street and Hamilton place, Manhattan, were about to be cut down to make room for a public school, which is to be erected on the lot, has aroused much interest among New Yorkers, especially those who are familiar with the historic associations which these trees of the forest recall.

It is stated on good authority that it was under these trees that the seconds for Alexander Hamilton met before the fatal duel which resulted in the death of Hamilton on July 12, 1804. A representative of The Eagle one day during the past week went up to 140th street to take a last look at the historic trees, and, whether

they are the actual trees under which the seconds met before the fatal encounter occurred, they have a historic value from the fact that they are on territory which was intimately associated with the great statesman, lawyer and soldier.

Looking down 140th street, the blue waters of the Hudson were seen blown into endless ripples by the brisk July breezes. On the opposite shore are the treeclad bluffs of Weehawken, where the duel occurred. These bluffs were familiar to Hamilton, for he was wont to gaze upon them from the rear porch of his house.

HAMILTON'S COUNTRY HOME STILL STANDING.

The Eagle reporter only had to walk a few blocks east on 140th street, crossing

Amsterdam avenue and turning up Convent avenue, when the former home of the great Hamilton came into view. The most casual observer would know that the house did not belong to the present age. It speaks of the past from every board and window pane. But it is in the very best of condition. For many years the house has been known as Hamilton Grange. When built it stood on the other side of what is now Convent avenue and faced to the east. It now faces west.

An interesting fact connected with the house when it stood on the other side of the street is that Hamilton planted thirteen trees around his house, which were intended to represent the thirteen original States of the American Union. These trees were of the sweet gum variety and were brought by Hamilton, when they were nothing more than whips, from Mount Vernon, the estate of President Washington. These trees lived until long after the house was moved, and some of them were alive when, in November, 1911, the lots where they stood were taken as the site for a row of apartment houses.

The ground along Convent avenue had been restricted for twenty-five years. When these restrictions expired the trees planted by Hamilton himself quickly disappeared. The removal of these trees rendered those at 140th street and Hamilton place all the more precious in the eyes of antiquarians and patriotic citizens, who treasure every reminder of Hamilton.

The ground slopes sharply from the point where the old trees are standing to the shores of the Hudson. The rear porch of Hamilton's house must have commanded a beautiful view of the Weehawken shore, much wilder in appearance then than now. It was early in July that the challenge from Burr was received, and it was on the morning of the 12th of that month that the arrangements were completed and Hamilton and his seconds took a barge and were rowed across the Hudson to the fatal battleground.

Burr and Hamilton had been political enemies for many years. In 1800 the vote for President had been very close and the election had been thrown into the House of Representatives, the candidates being Thomas Jefferson and Aaron Burr. After a number of ballots Jefferson was chosen, Burr being made Vice-President. Later Burr was a candidate for Governor of the State of New York and Hamilton opposed his aspirations with all the ardor he could command. He wrote many letters in which he did not hesitate to accuse Burr of swindling his clients and of other offenses equally serious.

On the morning of the duel Colonel Burr arrived on the ground first, as had been previously agreed upon. Later, when General Hamilton arrived, the two exchanged salutations. Then the seconds proceeded

to make their final arrangements. They measured the distance, which was ten full paces, and cast lots for the choice of position, as well as who should give the word to fire. Both fell to General Hamilton. The pistols were then loaded in the presence of the principals to the duel, and Burr and Hamilton took their stations. The order was given to fire. Burr's fire took effect. The ball entered Hamilton's right side. He raised himself slightly on his toes, turning a little to the left, at which moment his pistol went off, and he fell upon his face.

HAMILTON NOT TAKEN TO HIS OWN HOME AFTER THE FATAL DUEL.

It would naturally be supposed that a dangerously wounded man as Hamilton was would have been taken immediately to his own home, just across the river. But there may have been the best of reasons for not doing so. Hamilton Grange at that time was far out in the country. Medical aid could not be so easily procured as it could be farther downtown. Then the currents of the Hudson had to be reckoned with. The duel occurred at 7 o'clock in the morning. Very soon after this the principals and their seconds had entered their respective barges and were returning to the New York shore. Hamilton was taken to a house then standing near the corner of Jayne and Greenwich streets. Here he lingered till the next day, July 13, and then died, mourned by a very large number of the American people.

Burr's home at this time was Richmond Hill, at the crossing of Charlton and Varick streets. He was indicted for murder in both New Jersey and New York, and a Senator in the House of Congress arose and said: "God grant that it may be the last time, as it is the first, that ever a man indicted for murder presides in the American Senate."

Not only the house that Hamilton lived in when the duel was fought has been preserved to the present day, but there is another memento of the great statesman and first Secretary of the United States Treasury. This is the tomb which marks the depository of the dust of Hamilton. The tomb is a rectangular sarcophagus of white stone, with urns on the four corners. On the basis is an inscription, which is now nearly obliterated by the ravages of time, which recites the virtues and achievements of the first great financier of the United States. At the foot of this monument, beneath a slab which bears a simple inscription, are the remains of Mrs. Hamilton. The tomb is on the southerly side of Trinity Churchyard on the line of Rector street.

By a singular coincidence, near the Hamilton monument is a slab marking the last resting place of Matthew L. Davis, who was Aaron Burr's intimate friend and biographer, and his companion on that

fateful morning when Burr and Hamilton met at Weehawken.

Hamilton's old home in Convent avenue, Washington Heights, has been marked with a bronze tablet reciting the fact that Hamilton was the first Secretary of the United States Treasury under President Washing-

ton; that the house was built in 1801, and that the tablet was set up by the Washington Heights Chapter of the Daughters of the American Revolution in April, 1907. The house is in use as a parish house for St. Luke's P. E. Church, which adjoins it on the south.

BANKING AND FINANCIAL NOTES



Phoebe Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$200,000
Surplus & Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

EASTERN STATES

NEW YORK CITY

—Henry Block was elected to the board of the German-American Bank at a meeting of the directors on August 5.

—Wilfred J. Worcester, formerly assistant secretary of the United States Trust Company, has been elected secretary of that institution.

—Assistant United States Treasurer Howard Gibson, in charge of the branch of the Sub-Treasury, received recently a Chinese bank note which is more than 500 years old. It was issued during the Ming dynasty in the reign of the Emperor Tai Tsee, who occupied the throne from 1368 until 1399. Its value was one kwan or a "string of cash."

—H. E. Pollard of the Mechanics and Metals National Bank, has been appointed a national bank examiner by Comptroller of the Currency Murray.

—In order to accommodate its rapidly increasing business, the American Exchange National Bank is making extensive alterations of its banking quarters at 128 Broadway. An addition is also being erected. Pending the completion of its enlarged offices the bank occupies temporary quarters at 135 Broadway, in order that its customers may not be inconvenienced.

—Continued increase of the National Nassau Bank's business has caused that institution to make many additions and changes. Besides the appointments of Mr. Miller and Mr. Gilbert, noted elsewhere in this issue, William B. Ward, Jr., who has traveled across the country for the past two years for the Mechanics and Metals National Bank, has been appointed manager of the foreign or out of town business department. Mr. Ward's trips during his connection with the Mechanics and Metals National Bank took him about everywhere in the United States. His new position will permit him to remain more largely at home. His appointment adds to the already efficient system of the National Nassau Bank for handling both domestic and foreign business.

—Part of the \$250,000 fund of the City Bank Club, connected with the National City Bank, is to be used for the purchase of sixteen acres of land located at Bayside-Flushing, L. I. The property has a residence on it, which will be remodeled for a

clubhouse. It is said the purchase price is \$70,000. Of the total sum, \$100,000 was recently contributed by James Stillman, chairman of the board of directors, and the bank itself gave \$100,000.

—Henry C. Miller has been appointed vice-president of the National Nassau Bank. Mr. Miller brings to this institution the knowledge of years of experience in the mercantile line, having previous to entering this bank been associated for over twenty-five years with this branch of business.

Mr. Miller was born in New Jersey and received his education in New York, being



HENRY C. MILLER

RECENTLY ELECTED VICE-PRESIDENT NATIONAL
NASSAU BANK, NEW YORK CITY

a member of the class of 1872 in the College of the City of New York. Upon leaving college he started at the bottom in the mercantile business and worked himself up, until he was able to form a firm of his own, which only dissolved upon his present appointment, when he retired from this line. For a number of years he has been a director in the National Nassau Bank.

—By the recent appointment of George F. Gentes to the position of assistant cashier in the Aetna National Bank this institution gains the services of a man whose education, experience and personality will undoubtedly be a great advantage to the ad-

PEOPLES NATIONAL BANK

Richmond, Virginia.



Capital

\$300,000

Surplus and Profits

\$1,438,000

OFFICERS

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

**Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas**

THE TAYLOR CHRISTMAS THRIFT AND PANAMA EXPOSITION CLUBS

have increased the deposits
and accounts in every bank
which has used them.

Especially adapted to Savings
Banks and Trust Companies.
Write for descriptive pamphlet.

JOHN E. TAYLOR

1413 H St., N. W., Washington, D. C.

—In the recent appointment of Arthur W. Gilbert to the position of cashier in the National Nassau Bank, this institution advances a man who has worked conscientiously during the bank's great growth in late years.



ARTHUR W. GILBERT

RECENTLY ELECTED CASHIER NATIONAL NASSAU
BANK, NEW YORK CITY

vancement of this bank. Mr. Gentes has been connected with the Irving National Bank for about five years, having charge of one of the credit departments. He was graduated from Hamilton College, Clinton, N. Y., in 1906, and during vacations was employed by the Nassau National Bank of Brooklyn, in which he became assistant note teller after his graduation. In the spring of 1907 he accepted a position in the Irving National, where he served in various capacities, and represented the bank at several bankers' conventions. His many associates wish him added success in this new field.

—W. de Lancey Kountze has been elected a director of the Hanover National Bank, to fill the vacancy caused by the death of Charles H. Marshall.

—In a statement of condition at the close of business, July 31, the Irving National Bank reports excellent standing and growth since the recent consolidation. Following is the report:

tiously during the bank's great growth in late years.

Mr. Gilbert was born in Pottstown, Pa., and was educated in Brooklyn. When his education (which included a course in a commercial high school) was finished, he

ASSETS.

Immediately Available—

Cash in vault and checks for clearings.....	\$12,049,509	
Due from correspondents and demand loans	15,302,351	\$27,351,861

Available within 30 days—

Loans due in 30 days	4,965,875	
United States bonds	1,527,752	
Other bonds and investments	2,479,043	\$8,972,671

Other loans and discounts—

Due within four months	13,267,076	
Due after four months	3,357,757	16,624,834
		\$52,949,367

LIABILITIES.

Capital	\$4,000,000	
Surplus and profits	3,071,331	
Circulation	1,078,800	
Deposits:		
Individual	\$23,330,363	
Banks	21,468,872	44,799,235

\$52,949,367

BINDERS AND BLANKS

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BAKER-VAWTER COMPANY

HOLYOKE, MASS.



entered the National Nassau Bank as a messenger, in June, 1904; was advanced to assistant cashier, January 24, 1912, and in May last received his present appointment.

—Because of ill-health and the necessity of an extended visit to Europe, Arthur E. Stilwell, president of the United States and Mexican Trust Company, has resigned this office in the company he organized ten years ago.

—Frederick H. Webster has been elected a director of the Hamilton Trust Company of Brooklyn, to succeed the late Millard F. Smith.

—At a recent special meeting of the Empire Trust Company it was voted to increase the capital stock from \$1,000,000 to \$1,500,000. The new stock (5000 shares) is to be issued at \$300 per share. This will allow \$1,000,000 to be added to the surplus account, in addition to the increase in capital. The increased stock is for the purpose of bringing into the company new interests whose identity will be disclosed later.

—F. R. Duer, who has been connected with the bond department of the Guaranty Trust Company, has resigned to go into partnership with Grayson Murphy, in the firm of G. M. P. Murphy & Co. of 43 Exchange place.

—At the annual meeting of the incorporators of the Naugatuck, Conn., Savings Bank, recently, former teller H. A. Dalby was elected to the newly-created office of assistant treasurer, and Gustav A. Anderson, who has held the position of clerk, was promoted to the office of teller. F. W. Tolles was elected as one of the trustees. The other trustees were re-elected.

—At a meeting of the board of directors of the First National Bank, Cooperstown, N. Y., held in its banking house, July 29, the regular semi-annual dividend of three

per cent. was declared, payable August 1, and the sum of \$10,000 added to the surplus. In this connection it is interesting to note that since February 1, 1910, the surplus has been increased \$50,000, making the total \$100,000. The six months period just completed has been one of the most prosperous in the history of the bank.

—Roscoe J. C. Dorsey, examiner of building and loan associations in the District of Columbia, has been appointed a national bank examiner.

—A new bank, the first to be formed in Ventnor, N. J., was organized recently, with a capital of \$25,000 and a surplus of \$25,000. George T. Bew is president, and Joseph A. McNamee, vice-president. The directors, besides these two officers, are James Bew, Lewis T. Inlay, William Riddle, S. Bartram Richards, former mayor of Ventnor, and Joseph Salus. The bank is to be called the Ventnor City National Bank.

—There was a fitting coincidence in connection with the recent opening of the Lambertson National Bank's new bank building at Franklin, Pa. Robert G. Lambertson III., great grandson of the bank's founder, was the first depositor in the savings de-

RUDOLPH GUENTHER

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partment, and Jacob Sheasley, who has been doing business with the bank for fifty-two years, was the first depositor in the commercial department.

—Bankers in Syracuse, N. Y., are considering the advisability of adopting the practice of Rochester banks in abolishing interest allowances on small active accounts. No specific amount is as yet named as to what constitutes a small account, but the consensus among those in favor of the practice is that accounts showing an average balance of less than \$250 should be excluded from interest allowances.

—It is practically certain that the stockholders of the Columbia National Bank, Buffalo, N. Y., will vote at a meeting on September 3 for an increase of capital from \$2,000,000 to \$2,500,000, through the sale of 5000 shares of new stock at \$300 per share, thereby also increasing the surplus account by \$1,000,000, or from \$1,200,000 to \$2,200,000.

In the past ten years the bank's total resources have increased from \$1,500,000 to over \$17,000,000. With the proposed increase in the capital and surplus and the estimated earnings for the next four months, the bank will have a total capital and surplus account of about \$5,000,000. The di-

rectors have also voted to increase the dividend from twelve per cent. to fifteen per cent., effective when the increased capital has been paid in.

—E. S. Wolfe, who has been assistant cashier of the American National Bank, Washington, D. C., for five years, was on July 26 elected cashier of the District National Bank of the same city, to succeed J. Castle Ridgway.

Mr. Wolfe was with the American National for seven years, five of which he spent as assistant cashier. He was born in Maryland, but for the past fifteen years has resided in Washington, where he graduated from the Washington High School and Washington University, taking the law

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A. D. BISSELL, President
 C. E. HUNTLEY, Vice-President
 E. J. NEWELL, Cashier
 HOWARD BISSELL, Asst. Cashier
 C. G. FEIL, Asst. Cashier

course in the latter institution. He then engaged in business in New York for two years. During his banking connection in Washington he has been actively associated with the American Institute of Banking, of



E. S. WOLFE

RECENTLY ELECTED CASHIER, DISTRICT NATIONAL BANK, WASHINGTON, D. C.

which he was one of the organizers, and is a past president of the Washington chapter.

He is prominent in Masonic circles, is a Shriner, and also an active member of the Washington Board of Trade and Chamber of Commerce, besides being a director of the Washington Mechanics Savings Bank,

Washington, D. C., and of the Farmers and Mechanics Bank, Seat Pleasant, Md.

Mr. Wolfe has many friends in the South, where he is a regular attendant at bankers' conventions, and many will be glad to hear of his advancement.

—Samuel M. Vauclain and J. Franklin McFadden have been elected directors of the Philadelphia Trust and Safe Deposit Company.

BOSTON

—In their June 14th statement the Merchants National Bank reports a splendid condition, showing a continued growth in each item. Following is this statement:

RESOURCES.

Loans on time	\$9,271,544.56
Banking house	600,000.00
U. S. bonds (at par)	\$1,520,000.00
Other bonds and securities	1,553,633.03
Due from U. S. Treas.	62,000.00
U. S. 5% fund.	76,000.00
Demand loans	4,786,365.46
Cash and due from banks	5,462,240.84
	<u>\$23,331,783.89</u>

LIABILITIES.

Capital stock	\$3,000,000.00
Surplus fund	2,000,000.00
Undivided profits	1,670,902.19
Reserved for taxes	35,000.00
Circulating notes ..	\$1,424,700.00
Deposits	15,201,181.70
	<u>\$23,331,783.89</u>

—At the close of business, July 25, the deposits of the Cosmopolitan Trust Company, 76 Devonshire street, amounted to \$1,000,117.93. This fact is interesting when it is remembered that the Cosmopolitan Trust Company has been doing business for less than four months.

—Suitable to the occasion of opening its new quarters on Devonshire street, the Second National Bank has issued an attractive booklet narrating the history and development of the street and its environment from the earliest recorded period to the present time, and mentioning many points of interest.

—Another merger has taken place here, the Fourth National Bank having merged

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with the Atlantic National Bank. The consolidated bank has at its head Herbert K. Hallett, president of the Atlantic National. The merger gives total deposits of about \$14,000,000; capital, \$1,750,000, with surplus and undivided profits approximately \$1,600,000.

The Atlantic absorbed the Metropolitan Bank in July, 1909, at which time the Metropolitan had \$500,000 in capital stock and surplus and undivided profits amounting to \$200,000.

Liquidation, consolidation and mergers have cut down materially the number of Boston banking institutions in recent years. In 1881 there were sixty-two separate national banks, with a combined capital of \$53,850,000. In thirty-one years there has been a reduction of nearly sixty-five per cent. in the number of Boston banks and forty per cent. in the capital stock account.

SOUTHERN STATES

—Another strong trust company has been established in Texas, at Temple, called the Temple Trust Company. This institution starts business with a paid-up capital of \$200,000. The principal incorporators are: Charles M. Campbell, Dr. J. M. Woodson, T. B. Duggan, W. S. Rowland, Governor G. C. Pendleton and H. C. Glenn.

—A commission of the Southern Commercial Congress will go abroad in May, 1913, to study European systems of agricultural finance. This commission will be composed of representative business men from the various States and will include students of agriculture in many fields. It is planned to secure information regarding rural credit systems that will be suited to those special conditions existing in the United States. Dr. David Lubin, American delegate to the International Institute of Agriculture at Rome, will accompany this commission, which will make its report in Mobile later in the summer, at the annual meeting of the congress. The American Ambassador to France has recently transmitted the result of his investigations on this subject to the Department of State.

—Texas State banks and trust companies show a capital increase of \$317,500 from April 18 to June 14.

—C. W. Beerbower, for several years assistant cashier of the Farmers National Bank, Salem, Va., has resigned to accept a position as auditor and manager of the National Exchange Bank of Roanoke, Va.

Ten years ago Mr. Beerbower entered the Farmers National Bank as messenger boy, and by close application and constant study he has not only risen to assistant cashier of this bank, but is recognized as one of the thorough young bankers in Southwest Vir-

Capital - \$2,500,000.00

**FIRST
NATIONAL
BANK**

Deposits, \$32,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,571,000.00

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ginia. He has been a constant student of banking and kindred subjects and holds the certificate of the educational committee of the American Bankers' Association, which is awarded to those passing prescribed examinations in banking subjects. For three years he has been secretary and treasurer of Group Five, Virginia Bankers' Association, which has given him a wide acquaintance among the bankers of Southwest Virginia.

The National Exchange Bank, with which Mr. Beerbower goes, is one of the strongest in Virginia, with total resources of \$4,000,000.

—The Citizens National and the Sturgis National Bank of Hillsboro, Texas, have consolidated under the name of the Citizens National Bank. The capital of the merged institution is \$200,000, and the surplus and undivided profits, \$60,000. The officers are: T. G. Hawkins, chairman of the board; George Carmichael, president; O. G. Bowman, active vice-president, George L. Porter, vice-president; R. C. West, cashier; M. H. McWitt, C. S. Morgan and Eldred McKinnon, assistant cashiers.

—With the ratification of the stockholders on August 29, the consolidation of the National Bank of Virginia with the First National Bank of Richmond, both of Richmond, Va., is entirely completed.

Following are the terms of the consolidation:

(a) The two banks are consolidated into one bank under the name of the First National Bank of Richmond, Va., with a capital stock of \$2,000,000 and a surplus of \$1,000,000, making the book value of each share of stock \$150.

(b) The First National Bank distributes to its stockholders such dividend as will reduce the book value of its present capital stock to \$150 per share; to increase the number of its board of directors; increases its capital stock from \$1,000,000 to \$2,000,000, of which \$900,000 is offered for pro rata subscription to stockholders of the National Bank of Virginia at \$150 per

share, the remaining \$100,000 to be offered for pro rata subscription to stockholders of the First National Bank at the same price, to be paid for out of the surplus of this bank.



THE FIRST NATIONAL BANK OF RICHMOND, VA.

(c) The National Bank of Virginia is to go into voluntary liquidation in the manner provided by law; each stockholder of the National Bank of Virginia to have the privilege of subscribing for three shares of the increased stock of the consolidated bank for each four shares of the stock now held by him, paying for said consolidated bank stock at the rate of \$150 per share.

The Union National Bank

CAPITAL \$1,600,000.00 **Cleveland, O.** SURPLUS AND PROFITS \$1,000,000.00

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. C. SAUNDERS, Asst. Cashier

W. E. WARD, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

The officers elected were: W. M. Habliston, chairman of the board; John B. Purcell, president; John M. Miller, Jr., vice-president; W. M. Addison, cashier.

This consolidation gives Richmond one of the best banking institutions in the South.

—S. Sterett McKim, whose notice of election as vice-president and cashier of the National Union Bank, Baltimore, Md., appeared in the August number of THE BANKERS MAGAZINE, obtained his thorough banking training from twenty-five years' connection with the old banking house of McKim, established in 1854. This concern went out of business only a few years ago.

—The West Virginia Bankers' Association, at its annual meeting at White Sulphur Springs, elected officers for the year as follows: President, Mason Matthews of Lewisburg; vice-president, Glen F. Barnes of Fairmont; secretary-treasurer, Joseph S. Hill of Charleston.

—Increasing business has demanded the creation of a new office at the Wachovia Bank and Trust Company, Winston-Salem, N. C. Hon. A. H. Eller, a prominent man in the city, was elected to this position—trust officer—and assumed his duties on the first of August.

—In order to become a member of the new banking firm of John D. Howard & Co., Baltimore, Md., William E. Bush, at present manager of the bond department in the Trust Company of Georgia, Atlanta, resigns his present post on September 1.

—A new financial institution has been formed in Richmond, Va., called the Richmond Trust and Savings Company. It is said the new company will take over the trust company business of the Bank of Richmond.

—A controlling interest has been bought by the Citizens and Southern Bank, Savannah, Ga., in the National Bank of Augusta,

Ga. Mills B. Lane has been elected president; R. L. Rockwell, vice-president, and E. J. Gallaher, cashier. The directors holding office in the Augusta institution were re-elected at a recent meeting of the stockholders in the Citizens and Southern Bank.

—Directors in the West Texas Bank and Trust Company, San Antonio, Texas, have elected Alexander P. Villaret, formerly senior clerk, to the office of assistant cashier. Mr. Villaret has been with the bank since its organization, having started there as a collector. He gradually worked his way up through the different departments and until now has been paying teller of the bank. His appointment comes as a result of much hard work and is a well-deserved reward.

—A check on a Philadelphia private banking concern for \$306,811 was recently deposited with the Citizens Bank of Valdosta, Ga., which marked an incident of unusual interest in that city, inasmuch as it was a check for the greatest amount that has ever passed through a local bank. The check was issued by the Valdosta Lighting Company in payment for the recently acquired property of the Consolidated Ice and Power Company, whose business the former named company has taken over.

—A new institution has been formed in Houston, Texas—the National Bank of Commerce. This bank has just opened its doors for business with a capital of \$500,000. Many of the largest bankers of Texas are stockholders. The following officers have been elected: O. T. Holt, president; James H. Adair, vice-president; Richard D. Collins, vice-president; J. M. Logan, vice-president and cashier.

—One of Florida's well-known men, J. J. Heard, president of the Heard National Bank of Jacksonville, was elected, August 15, to the presidency of the Live Oak Bank at Live Oak, in that State, so bringing into

Announcement

The year 1913 will mark the Fiftieth Anniversary of the establishment of the National Banking System.

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Semi-Centennial of the National Banks

THE BANKERS MAGAZINE will, early next year, issue a special number devoted to the origin, progress and present position of the National Banks of the United States.

ARTICLES will be contributed by statesmen, bankers and financial authorities. The development of every phase of National Banking will be covered.

STATE Banks, Savings Banks and Trust Companies will also be included in this summary. making it a valuable epitome of the

Progress of Banking in the United States

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WHITNEY CENTRAL NATIONAL BANK,
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MUTUAL LIFE ASSURANCE COMPANY OF CANADA.

this institution unlimited financial strength and valuable official connections, among whom is C. W. Hendley, the able and efficient cashier of the Jacksonville bank.

WESTERN STATES

CHICAGO AND VICINITY

(Office of *The Bankers Magazine*, 115 South LaSalle Street.)

—L. A. Goddard, president of the State Bank of Chicago, in speaking on the general financial situation, says:

"I believe there is nothing to cause unrest. Bank deposits are keeping up fairly well, and the demand for money is quite active, with good rates prevailing. I think that this will continue through the fall. The West has very large crops and the indications are that they will be moved promptly, which will call for lots of money. The banks, however, are prepared for this. I do not believe that there will be any surprises up here. I believe that bankers generally understand the situation and have conditions thoroughly in hand."

—F. A. Crandall, vice-president of the National City Bank of Chicago, recently has returned from a vacation in the East. He spent a portion of his time in northern Vermont. He says that the hay crop in that State, which represents quite an industry, will yield about the average this year. The weather has been cold and dry and the people are a little bit afraid that the crop may fall off to some extent on account of this factor. The deposits of banks in that section of the State which Mr. Crandall visited are a little bit above normal. The banks seem to be pretty well loaned up, with good rates prevailing.

—The Corn Exchange National Bank of Chicago has been approved as reserve agent for the National City Bank of Cleveland, Ohio; the Fort Dearborn National and the National City Banks of Chicago have been approved as reserve agents for the Indiana National of Indianapolis.

—A consolidation of the Ashland State and West Englewood State Banks has been announced. The institutions are outlying neighboring banks, operating on West Sixty-third street, and each has a capitalization of \$200,000.

By the terms of the proposed deal, which is expected to be ratified at a special meeting of the stockholders on September 12, the West Englewood will take over the stock of the Ashland State on a basis of \$125 a share, paying three-fourths of the amount in cash and one-fourth in new stock, the West Englewood Bank increasing its capitalization to \$250,000 for the purpose.

The merged institution will be known as the West Englewood Ashland State Bank. The banking quarters will be moved to the old location of the Ashland State at 1610 West Sixty-third street, while the real estate business of the banks will be conducted at the present offices of the West Englewood Bank, 1537 West Sixty-third street.

The combined institutions will have assets approximating \$2,000,000 and deposits of more than \$1,000,000, about one-third of the latter amount consisting of savings accounts.

The officials of the merged banks will be as follows: President, John Bain; vice-president, Michael Maisel; cashier, Edward C. Barry.

Messrs. Bain and Barry held the same positions in the West Englewood Bank, while Mr. Maisel was vice-president of the Ashland State Bank.

The new bank's board of directors, which is subject to further additions, comprises the following members: J. D. Huffman, E.

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L. Schweder, Michael Maisel, E. C. Barry, V. E. Ringquist, George Wetzel, J. W. Utesch, William Brietzke, Carl Hornung, William Bluemer and John Bain.

The Ashland State Bank, formed about three years ago, was dominated by Isaac N. Powell, who now retires. The West Englewood Bank is one of the newer institutions, having been organized on March 4, 1912.

—Permission to organize the Mechanics and Traders State Bank, with a capitalization of \$200,000, has been granted by the State Auditor of Public Accounts at Springfield. The new institution will be located in the former quarters of the Prairie State Bank, at Desplaines street and Washington boulevard. Interests in the Central Trust Company of Illinois, which concern absorbed the Prairie State a short time ago, are back of the new institution, and the directors of the large bank will be in the majority on the board.

All of the capital stock of the new bank has been subscribed for at \$125 a share, thus creating a paid-in surplus of \$50,000. The bank will open for business in about thirty days.

It is understood that the presidency of the Mechanics and Traders Bank has been tendered to C. L. Craig, now one of the vice-presidents of the Central Trust Com-

pany of Illinois. Mr. Craig has had a wide experience in banking and formerly was cashier of the Metropolitan Trust and Savings Bank before it was absorbed by the Central Trust Company. Other official positions, too, probably will be filled by men now among the Central's official staff.

—The Hyde Park State Bank, Fifty-third street and Lake avenue, opened for business on August 1. The bank has a capital of \$200,000 and a surplus of \$30,000. The following are the directors: Robert F. Cummings, Charles R. Horrie, Henry L. Stout, Daniel F. Burke, Frank W. Holmes, James J. Carroll, Thomas Jansen, Thomas A. Collins and John A. Carroll, who will be the president of the new institution. Robert F. Cummings is vice-president and Thomas Jansen and M. A. Harmon, cashier and assistant cashier, respectively.

—Finley, Barrell & Co., bankers, expect to move into new quarters in the Rookery Building, as soon as alterations are completed.

—A. Uhrlaub, vice-president of the Central Trust Company of Illinois, has returned from his vacation spent in Germany, where he had the interesting experience of making a pleasure voyage in one of the Zeppelin air balloons.



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AMERICAN SCHOOL OF BANKING, 130 McLene Building, COLUMBUS, OHIO

—A new bond house, to be known as Elston, Clifford & Co. will be launched the first of September.

The men comprising it are I. C. Elston, Jr., Edward Clifford and Arthur C. Allyn, all well known on LaSalle street. Mr. Elston is engaged in the public utilities business; Mr. Clifford is the Chicago manager of Hornblower & Weeks, the well-known Boston and New York bankers and brokers; Mr. Allyn has charge of the bond department of Hornblower & Weeks' Chicago office. The concern will handle high-grade bonds and preferred stocks and will have offices in the New York Life Building.

Mr. Clifford opened the office in Chicago of Hornblower & Weeks five years ago, and in that time he has built up a very extensive business. He has just resigned his position and Paul B. Skinner of New York, formerly of the Chicago office of that firm, will take his place.

—The stockholders of the People's Stock Yards State Bank, Forty-seventh street and Ashland avenue, have voted to increase the capital of the bank from \$300,000 to \$500,000. With the increase paid in the bank will have a capital of \$500,000 and surplus of \$50,000. This bank is one of the largest, most successful and progressive outside of the loop. Its affairs are under the constant supervision of a responsible board of directors, men of wealth and years of successful business experience in that neighborhood. It serves a very large territory south and west of the Stock Yards and numbers among its savings depositors thousands of the foreign born residents of that section. Its deposits of about \$3,600,000 are constantly increasing and it was for this reason and in further recognition of the rightful demand of depositors for maximum protection that the directors recommended this increase. The officers are: R. J. Schlesinger, president; William J. Rathje, vice-president; H. C. Laycock, cashier; John A. Nylin, assistant cashier. Directors: Edward Morris, J. A. Spoor, Arthur Meeker, H. E. Otte, C. F. Claussen, C. M. MacFarlane, Frank J. Kohn, Julius Oppenheimer, William J. Rathje, H. C. Laycock, R. J. Schlesinger.

—M. A. Graettinger, who was secretary of the Wisconsin Bankers' Association in 1908, has accepted a position as traveling representative in Wisconsin for the Live

Stock Exchange National Bank of Chicago. He was engaged in the banking business in Milwaukee for a number of years and assisted in the organization of the Merchants and Manufacturers Bank of that city. He became its first cashier and retired from that position about a year ago, when he entered the office of the Wisconsin State Bank Examiner, where he acquitted himself creditably.

—Chicago bankers as a whole seem to be in favor of Secretary MacVeagh's proposal to reduce the size of the paper money of the United States. The present bills measure seven and one-fourth by three inches; it is proposed to reduce them to six by two and one-half inches. Confusion resulting from stacking the new bills with the present ones appears to be the only objection to the plan. It is said that the government will save \$1,100,000 per annum if the new size is adopted.

—Governor Charles S. Deneen of Illinois, in filling out his quota of twenty delegates to the Trans-Mississippi Commercial Congress which met in Salt Lake City, August

THE GARFIELD NATIONAL BANK

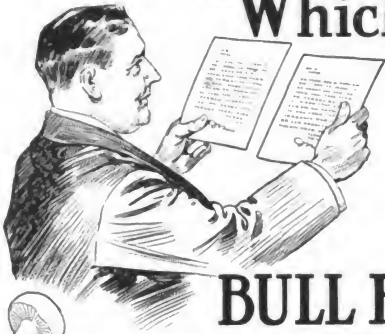
Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL	SURPLUS
\$1,000,000	\$1,000,000

OFFICERS
RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
WILLIAM L. DOUGLASS, Cashier
ARTHUR W. SNOW, Asst. Cash.

DIRECTORS
James McCutcheon Samuel Adams
Charles T. Wills William H. Galshearn
Ruel W. Poor Morgan J. O'Brien
Thomas D. Adams

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27 to 30, took note of the fact that a number of well-known Chicago bankers would be in Salt Lake City about that time attending the annual convention of the American Institute of Banking. Among those remembered by the Governor with a delegate certificate were William G. Edens of the Central Trust Company of Illinois, George A. Jackson and Harry S. Smale of the Continental and Commercial National Bank and John W. Rubecamp of the Corn Exchange National Bank. Mr. Edens is secretary of the committee on agriculture and vocational education of the Illinois Bankers' Association and president of the Illinois Highway Improvement Association; Mr. Jackson is chief clerk of the big Continental and Commercial National Bank and chairman of the transportation committee which took the chapter members to the convention city. He is also an ex-president of the Chicago chapter; John W. Rubecamp is president of the Chicago chapter at the present time, and for years has been active worker in its educational branch; Harry S. Smale was president last year and was endorsed by the chapter for the chairmanship of the executive council.

American Institute of Banking, held this year in Salt Lake City during the week of August 21. Chicago chapter gave a banquet at the Hotel LaSalle on Saturday night, August 17, in honor of its out-of-town guests—delegates from various chapters, who so arranged their schedule that they might go on to Salt Lake together.

—E. W. Rogers, in charge of the bank quotation section of John Burnham & Co., has been appointed New York manager of the firm's office in that city.

—The Centralia Trust and Savings Bank is a new financial institution which is being organized at Centralia, Ill. The incorporators are J. F. Mackey, A. J. Guerrettaz, Max Prill, J. J. Bundy, H. G. Cormick, R. J. Birge, E. L. Welton and others. The bank will be capitalized at \$50,000, will be directly under State supervision and will do a general banking and trust company business, with a popular savings department. The stock has practically all been subscribed and it is expected that the new bank will be ready for business by September 1 or shortly thereafter.

—A special train with more than 200 delegates left Chicago Sunday morning, August 18, for the annual convention of the

—An important large merger has taken place in Kansas City, Mo., the National Bank of Commerce having united with the

DIAMOND
NATIONAL
BANK

DIAMOND NATIONAL BANK

PITTSBURGH, PA.

OFFICERS

Bankers should seek
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WILLIAM PRICE, President
D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Capital - - \$600,000.00
Surplus and Undivided Profits 1,642,933.96

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

Southwest National Bank under the title of the Southwest National Bank of Commerce. The deposits of the merged institution are about \$30,000,000.

—The National City Bank of Chicago gives an optimistic view of the general business situation in its monthly financial letter.

—In the recent six months Chicago banks twice have broken all previous records. The high point, so far as the joint calls of the Comptroller and the State Auditor show, was at the last call on June 14-15. At this time the deposits in State and national banks combined showed a total of \$1,008,909,270. In April they passed \$1,004,000,000. Not until this year had the total reached the billion mark. This, incidentally, is \$6,000,000 more than the high record for all Canadian banks.

The State banks alone showed a total of \$521,000,000, continuing above the half billion mark. The national banks at the previous call had passed \$490,000,000.

—In a general summary called the "Annual Crop and Business Report," the Continental and Commercial National Bank says in regard to money:—

Turning to the banking situation and the probable requirements of money for crop moving purposes and for the autumn financing, the banker finds a situation a little more satisfactory than that which existed a year ago. The fact that the banks at the interior, and in fact all through the country, are well loaned up, indicates firmer rates in the coming months. The developments early in July, growing out of the financing of our mid-year disbursements and the requirements of foreign bankers, rather clearly indicate that the ease in the money market is largely superficial and that the situation may change over night and a decidedly firmer market develop. While there is nothing in the situation to suggest an acute stringency, a much healthier monetary condition is likely to ensue.

—Hereafter, the banking firm of H. T. Holtz & Co., of Chicago, will be known as Cooke, Holtz & Co. Andrew Cooke, now vice-president of the Harris Trust and Savings Bank, has acquired an interest in the business.

—Felix T. Hughes, recently elected Bond Officer of the Mississippi Valley Trust Company, St. Louis, Mo., to succeed James H. Grover, who resigned a few months ago, assumed his new duties on the first of August. Up to this time, he has been connected with the bond house of McCoy & Company, Chicago, where he demonstrated a high order of ability in handling investment securities.

Mr. Hughes was born in Mt. Pleasant,



FELIX T. HUGHES

RECENTLY ELECTED BOND OFFICER, MISSISSIPPI VALLEY TRUST COMPANY, ST. LOUIS, MO.

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Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

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SOLE AGENTS

F. W. ANDERSON & COMPANY

34 Beekman Street, New York

Iowa, and after receiving his preliminary education in that section, entered the University of Chicago and upon graduating in 1906, became Chicago manager of the Webb Speed Indicator Company. Prior to his association with McCoy & Company, he served for a year as sales manager of the Hamilton Automobile Company, another Chicago concern.

—In order to provide for possible losses due to some unsatisfactory loans, the National Bank of Commerce, St. Louis, Mo., recently wrote off \$5,748,729 surplus and undivided profits out of a total of \$8,080,767.

—Consolidation of the Milwaukee National Bank and the First National Bank, Milwaukee, Wis., went into effect the past month. The First National has assumed all the deposits of the Milwaukee National and by the consolidation the deposits of this institution—\$19,601,238, according to the last statement, June 14—have been increased by about \$3,000,000.

The Milwaukee National was one of the oldest banks in Wisconsin. It was established in 1853, and was reorganized in 1865 under the national bank law with \$250,000 capital stock. Deposits in 1865 amounted to \$306,000. In the first fifteen years this increased to \$1,318,000. The capital stock was increased to \$450,000 in 1893, after the financial panic.

—At a recent meeting of the board of directors of the Elyria (Ohio) Savings and Banking Company, T. T. Robinson, one of the directors, was chosen president to fill the vacancy caused by the death of William Heldmyer. Mr. Robinson has been connected with the bank since its organization as director and member of the executive committee, as well as being one of the first stockholders. His reputation as a conservative business man and his experience with the affairs of the bank, makes his election to the presidency a source of gratification not only to the stockholders but to the depositors, and everyone who have dealings with the institution.

—According to a report just prepared by State Bank Examiner Emil W. Pfeiffer of Colorado, there has been an increase of resources of \$1,853,614.98 in the 195 State, private, savings and trust company banks in Colorado since March 12, 1912.

Since the last quarterly report was issued the number of institutions under the jurisdiction of the bank examiner has increased as follows: State banks, 4; private banks, 10, and one trust company. The aggregate resources of the eleven State banks, one private bank, two savings banks and eight trust companies in Denver is \$21,531,835.01, as against \$19,577,250.05 at the time the March report was issued.

—The United States National Bank of Superior, Wis., is now thoroughly installed in its new building, a modern type of bank architecture. This institution has grown rapidly. It became a national bank four years ago. At that time the deposits aggregated one hundred thousand dollars. At present there is on deposit close to three-quarters of a million dollars.

—An interesting feature regarding bank loans was brought out recently by Attorney General Honan of Indiana, when in reply to an inquiry from State Auditor O'Brien, he gave the opinion that banks may insure the lives of debtors to secure loans.

"Can a bank make application for insurance on the life of its debtor, even though the debtor signs the application?" was the question asked by the State Auditor.

Replying, the Attorney General said: "A creditor, whether a bank or otherwise, usually has such interest in the life of its debtor as is insurable. Insurance of the life of the debtor of a bank in which the bank is made the beneficiary, is lawful if made in good faith, as collateral security for the debt."

—During the period between February 20 and June 14 of this year the savings banks in Colorado increased their savings

W. H. LEE, President
D. R. FRANCIS, Vice-President
A. L. SHAPLEIGH, Vice-President
GEO. E. HOFFMAN, Cashier

E. B. CLARE - AVERY, Assistant Cashier
J. P. BERGS, Assistant Cashier
D. A. PHILLIPS, Assistant Cashier
L. K. WISE, Assistant Cashier

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - - \$1,700,000.00
Surplus and Undivided Profits \$1,800,000.00

A COMMERCIAL BANK

Interviews and Correspondence Invited

DIRECTORS

JOSEPH R. BARROLL,
Butler Brothers.
J. S. BEMIS,
Treasurer Bemis Bro. Bag Co.
G. A. von BRECHT,
President The Brecht Co.
CHAS. A. COX,
President Cox and Gordon
Packing Co.
S. S. DE LANO,
Treasurer American Car and
Foundry Co.
D. R. FRANCIS,
Francis, Bros. & Co.
O. L. GARRISON,
Pres. Big Muddy Coal & Iron Co.

ELIAS S. GATCH,
President Granby Mining and
Smelting Co.
C. F. GAUSS,
Pres. Gauss-Langenberg Hat Co.
CECIL D. GREGG,
President Evens-Howard Fire
Brick Co.
Pres. C. D. Gregg Tea & Coffee Co.
GEO. E. HOFFMAN,
Cashier
S. E. HOFFMAN,
E. R. HOYT,
President Hoyt Metal Co.
W. H. LEE,
President.
B. MCKEEN,
Gen. Mgr. Vandalla R. R. Co.

C. W. MANSUR,
Secretary John Deere Plow Co.
JOHN J. O'FALLON,
O. H. PECKHAM,
President National Candy Co.
C. R. SCUDDER,
President Sam'l Cupples
Envelope Co.
A. L. SHAPLEIGH,
Treasurer Norvell-Shapleigh
Hardware Co.
J. J. WERTHEIMER,
President Wertheimer-Swarts
Shoe Co.
C. W. WHITELAW,
Pres. Polar Wave Ice & Fuel Co.

deposits \$760,215.35, and of this sum \$325,175.40 was placed in the International Trust Company of Denver. This trust company got more than 42 per cent. of the savings deposits of the people of the State for the four months, according to the report of the State Bank Examiner. The resources of the International Trust Company are now more than \$7,000,000.

—On July 24-25, the Wisconsin Bankers Association met at Milwaukee for the annual convention. The sessions were very interesting and well-attended. Following are the officers elected: President, E. A. Dow, Plymouth; vice-president, H. A. Moehlenpach, Clinton; treasurer, H. G. Flieth, Wausau; secretary, George D. Bartlett, Milwaukee.

A pleasant feature of the meeting was the presentation of a handsome 1913 "Kisselkar" by the association to its secretary, George D. Bartlett, in recognition of his faithful service.

—Approval has been given by the Comptroller of the Currency for a \$200,000 increase in the capital stock of the Commercial German National Bank, Peoria, Ill. This institution now has a capital stock of \$750,000 and a surplus and undivided profits of the same amount, making it the largest bank in the State outside of Chicago.

—One of the bankers in the West whose personality and admirable natural business qualifications have brought him exceptional success as well as a number of friends, is Herbert Witherspoon, vice-president and trust officer of the Spokane and Eastern Trust Company, Spokane, Wash.

Mr. Witherspoon is a self-made man, and all his connections have been with this one institution. He started in 1894 as junior clerk and bookkeeper, four years later becoming teller of the bank, including the

PATENTS

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Capital, \$1,000,000.00	Earned Surplus, \$1,000,000.00	<h1 style="margin: 0;">FIRST NATIONAL BANK</h1> <p style="margin: 0;">OF RICHMOND, VIRGINIA</p>
JOHN B. PURCELL President	JOHN M. MILLER, JR. Vice-Pres. and Cashier	
FREDERICK E. NÖLTING, 2nd Vice-President		
CHAS. R. BURNETT J. C. JOPLIN W. P. SHELTON ALEX. F. RYLAND	Assistant Cashiers	
BILL OF LADING DRAFTS ON RICHMOND A SPECIALTY		

**Strong in resources, conservative
in management, progressive in policy**

savings department, and in 1901 was appointed manager of the Moscow (Idaho) branch. In 1907 he returned to the main office, accepting the post of secretary and manager in the credit department, and from 1910 to 1912 was assistant secretary and trust officer. During January, the directors elected him to the office of vice-president, which position he still holds besides continuing in the capacity of trust officer. At



HERBERT WITHERSPOON
 VICE-PRESIDENT AND TRUST OFFICER, SPOKANE
 AND EASTERN TRUST COMPANY, SPOKANE,
 WASH. ELECTED A MEMBER OF THE BOARD
 OF GOVERNORS AT THE ORGANIZATION
 MEETING OF THE INVESTMENT BANK-
 ERS' ASSOCIATION IN NEW YORK

the recent organization meeting of the Investment Bankers' Association in New York, Mr. Witherspoon was an attendant as a representative of the Northwest, and was elected to the membership of the board of governors.

The Spokane and Eastern Trust Company is a progressive institution, and the largest in the Pacific Northwest. It handles a large volume of bonds and mortgages.

—At a meeting of the board of directors of the First National Bank, Albion, Neb., August 13, F. S. Thompson was unanimously elected vice-president to fill the vacancy caused by the death of John Peters. At the same time F. M. Weitzel was unanimously elected cashier to fill the place of Mr. Thompson.

CANADIAN NOTES

—Business for the first six months of 1912 has been prospering in the Canadian Bank of Commerce. Despite the reorganization period following the absorption of the Eastern Townships Bank on March 1, the bank has been maintaining the combined earnings with much success, and has succeeded in keeping the good will of all the old Eastern Township's customers.

—As indicated at the last annual meeting, the Northern Crown Bank is to increase its capital from \$2,207,500 to \$3,000,000. The \$800,000 of new stock will be offered at par pro rata of present holdings to the shareholders, both of the old Northern and the Crown Bank.

—Since the Ottawa branch of the Royal Mint began the coinage of gold about \$1,000,000 has been turned out. The demand is not particularly large. The absolute security of the bank and Dominion notes as well as the convenience of handling them tend to minimize the demand for gold. The new \$5 Dominion note is having a large circulation.

Capital - \$6,000,000

Surplus - \$6,000,000



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The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

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ALEXANDER E. ORR, Vice-President.
NICHOLAS F. PALMER, Vice-President.
FREDERIC W. ALLEN, Vice-President.
FRANK O. ROE, Vice-President.

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

—Montreal bank clearings for the month of July created a new record at \$262,504,534, a gain of \$58,318,910 over a year ago. The gain for the first half of 1912 over six months in 1911 is \$246,037,305. For week ending August 1, 1912, \$55,570,606; 1911, \$41,024,229; 1910, \$43,572,639. In Toronto, bank clearings for the month of July were a record, totalling \$203,177,624, which is \$44,000,000 ahead of July last year.

—A branch of the Bank of Nova Scotia has been opened in Lethbridge, Alta., under the management of E. F. Macneill.

—Leeville, Sask., now has a branch of the Union Bank of Canada.

—H. L. Enman, formerly manager of the Parkdale branch of the Metropolitan Bank, has been appointed manager of the Queen and McCaul Street branch. Mr. Enman succeeds Mr. E. B. Mackenzie, who has been given charge of the new Hamilton branch. W. A. Stratton succeeds Mr. Enman in the Parkdale branch.

—In the seventh annual report issued by the Home Bank of Canada, beside the customary general statement, is a statement of the results of the bank's business for the year, and a concise report of the total business, with a few interesting statistics of growth. Herewith is the general statement of May 31, 1912:—

LIABILITIES.

To the Public:	
Notes of the Bank in circulation.....	\$1,060,385.00
Deposits not bearing interest.....	\$2,059,214.30
Deposits bearing interest.....	7,009,601.82
	\$9,069,201.12
Balances due other Banks in Canada.....	104,129.78
Balances due Agents in Great Britain.....	37,565.69
Balances due Agents in Foreign Countries.....	270,339.16
	\$10,540,235.75
To the Shareholders:	
Capital Subscribed (\$1,370,000.00) Paid up.....	\$1,286,050.97
Reserve.....	450,000.00
Dividends unclaimed.....	813.80
Dividend No. 22 (Quarterly) being at the rate of 7% per annum, payable June 1, 1912.....	22,453.22
Profit and Loss Account carried forward.....	86,001.63
	\$1,845,319.67
	\$12,385,555.42

ASSETS.

Gold and Silver Coin.....	\$79,282.64
Dominion Government Notes.....	1,308,018.75
	\$1,387,301.39
Deposit with Dominion Government as security for Note Circulation.....	65,000.00
Notes of and Cheques on other Banks.....	285,096.78
Balances due from other Banks in Canada.....	378,893.01
Railway, Municipal and other Bonds.....	332,978.55
Call Loans secured by Stocks, Bonds and Debentures.....	1,454,602.94
	\$3,903,872.67
Current Loans and Bills Discounted.....	\$8,075,171.15
Overdue Debts (estimated loss provided for).....	28,787.02
Mortgages on Real Estate sold by the Bank.....	9,187.23
Bank Premises, Safes and Office Furniture.....	338,530.29
Other Assets.....	30,007.06
	\$8,481,682.75
	\$12,385,555.42

Cash for BACK NUMBERS

We will pay **50 cents** apiece for perfect copies of the following issues of THE BANKERS MAGAZINE.

January . 1904
April . . . 1904
June 1904

The Bankers Publishing Co.
253 Broadway, New York City

—The court of directors of the Bank of British North America have resolved to declare, subject to audit, an interim dividend payable October 4, of forty shillings per share, less income tax, for the five

months ended May 31 last, carrying forward about £36,000 to the new account.

—H. E. Green of the Canadian Bank of Commerce's Black Lake branch has been given the management of the branch at Joliette, Quebec.

—Banque d'Hochelaga has opened a new branch at St. Genevieve, Jacques Cartier County. Mr. Chaurest, N. P., is manager.

—A branch of the Canadian Bank of Commerce has been opened at Cornwall, Ont., under the management of A. E. Currie, formerly of Parrsboro, N. S.

—Sub-agencies have been opened by the Merchants Bank of Canada in connection with the Stetler, Alberta branch, at Donald and Big Valley. Another branch has been opened in Montreal at the corner of Centre and Charlevoix Streets, W. Oliver Smith in charge.

—A branch of the Canadian Bank of Commerce has been opened at Rock Creek, B. C., under the supervision of the manager at Greenwood, B. C.

—Following is the annual report of La Banque Nationale:

BALANCE TO APRIL 30, 1912.

LIABILITIES.

Notes in circulation		\$1,905,527
Deposits payable after notice	\$11,572,432	
Deposits payable on demand	3,415,962	
Deposits in foreign countries, payable on demand	827,293	
		15,815,688
Unclaimed dividends	573	
Dividend payable May 1	35,000	
		35,573
Due to other Banks in Canada	228,889	
Due to agencies of the Bank in the United Kingdom	14,850	
Due to agencies of the Bank in foreign countries	150,110	
		393,851
Total Liabilities to the public		\$18,150,640
Capital paid up	2,000,000	
Reserve Fund	1,400,000	
Rebate of interest on bills discounted not matured	55,000	
Profit and Loss Account	92,091	
		3,547,091
		\$21,697,731

ASSETS.

Specie	\$210,078	
Dominion Notes	1,232,624	
		\$1,442,702
Notes of, and Cheques on other Banks in Canada	1,465,547	
Due from other Banks in Canada	60,124	
Due from Agencies of the Bank in foreign countries	562,002	
		2,087,674
Deposit with Dominion Government for security of Note circulation	100,000	
Bonds	1,385,221	
Call Loans on Stocks and Bonds	2,667,561	
		4,152,783
Total Assets immediately available		\$7,683,161
Current Loans, Discounts and Advances to the public	13,167,859	
Notes and Bills discounted overdue (Loss provided for)	25,510	
Real Estate, the property of the Bank (other than the Bank Premises)	88,651	
Mortgages on Real Estate sold by the Bank	61,007	
		13,343,028
Bank Premises, Furniture and Stationery		671,541
		\$21,697,731

—Bills of the Banque Internationale du Canada in circulation now total over \$1,100,000, or an increase of over \$640,000 in the last three and a half months. Twelve branches of the bank are open now, eleven in the Province of Quebec and one in Paris, France. The latter branch, in addition to its ordinary banking business, carries on an investment department and issues a weekly letter on Canadian investments as well as occasional analysis of standard Canadian securities.

—Although the Metropolitan Bank does not issue a half yearly statement, its business has increased rapidly during the first half of 1912. This institution operates almost wholly in Ontario, where it has abundant use for its funds, and does a large business in Toronto, having eleven branches there. The Metropolitan has opened a new

branch in Hamilton under the management of E. B. MacKenzie, formerly manager of the McCaul Street branch, Toronto.

—The following changes have taken place recently:

S. M. Harman, recently acting manager at the City Hall branch of the Dominion Bank, Toronto, has been appointed assistant manager at Montreal.

A. G. Macdonald, manager of the Regina branch of the Bank of Nova Scotia, has been appointed assistant manager of the Winnipeg office. R. M. Gemmel succeeds Mr. Macdonald at Regina, while C. MacMillan has been appointed manager at Prince Albert.

B. M. Gavey has been appointed manager of the new branch of the Bank of Nova Scotia at Ville St. Pierre, Que.

AN IMPORTANT LIFE-SAVING DEVICE

A DESCRIPTION of the pulmotor, an important life-saving device, has appeared in previous issues of this Magazine. An evidence of its extended usefulness is afforded in the following newspaper item:

Arthur S. Huey, vice-president in charge of operation of H. M. Byllesby & Co., has ordered ten more pulmotors for installation at ten Byllesby gas properties. When these oxygen resuscitation machines are installed there will be a total of twenty-one in use at Byllesby properties, all gas properties being so equipped. The first eleven pulmotors ordered by Mr. Huey were installed at Pueblo, Colo.; St. Paul, Minn.; Fort Smith, Ark.; Mobile, Ala.; Muskogee, Okla.; Oklahoma City, Okla.; Eugene, Ore.; San Diego, Cal.; Stockton, Cal.; Tacoma, Wash., and Louisville, Ky., and have been responsible for the saving of at least three

lives, two at Louisville and one at Pueblo. The first case was one of electric shock, the second was gas poisoning and the third was the case of an infant swallowing morphine tablets. In all three cases the attending physicians had pronounced the patients beyond aid before the pulmotor was applied.

The new consignment of pulmotors will be delivered to the gas properties at Fari-bault, Mankato and Stillwater, Minn.; Enid and El Reno, Okla.; Fargo and Grand Forks, N. D.; Eureka, Cal.; Marshfield, Ore., and Everett, Wash. Eventually pulmotors will be installed at all Byllesby properties. In every city the pulmotor is demonstrated before the physicians of the city, and the attention of the public directed to the machine through newspaper articles. Employees of the company are thoroughly instructed in its use and stand ready to respond to calls for the pulmotor day or night. The machines are placed at the disposal of the public without charge.

NEW COUNTERFEIT \$10 GOLD CERTIFICATE

SERIES 1907; Check letter "D"; Plate No. 45; W. T. Vernon, Register of the Treasury; Chas. H. Treat, Treasurer of the United States; Portrait of Hillegas.

This is a well executed photographic reproduction on paper of good quality containing no silk threads. A few red ink lines appear on the face of the note in imitation of the silk. The number

of the specimen at hand is A7193996. The check letter can only be discerned under a glass, as is the case with most of the small lettering. On the back of the note the radiating lines of the "sunburst" effect are missing with the exception of a few short sections close to the central design of the note. This counterfeit is apt to deceive even careful handlers of money.

INDIANA NATIONAL ADOPTS NUMERICAL TRANSIT SYSTEM—BUYS ELEVEN TRANSIT MACHINES

THE Indiana National Bank of Indianapolis has bought eleven Burroughs Transit Machines and will handle all its transit business by the numerical transit system, worked out by the American Bankers' Association.

Investigation convinced the Indiana National that the numerical system has come to stay, and that it will save money in handling transit business. The bank has always been progressive, and its officials have watched the numerical system with considerable interest ever since it was adopted by the American Bankers' Association.

The machines are of the type worked out by the Burroughs Company to meet the need of the numerical system when first suggested by the American Bankers' Association. These machines have fifteen rows of keys with the "Variable Split" feature which permits of printing numbers and amounts. Special characters are also provided to print instructions, according to the regular banking customs, "No protest," "Telegraph," "Non-Payment," etc.

The Burroughs "Shuttle Carriage" is a feature of the machines which greatly reduces the labor and time of writing transit items. This carriage is automatic, requiring no attention from the operator.

The numerical name and address of the payer bank is set into the left side of the keyboard and the amount of the check and the instructions are set in on the right. Touching the electric operating bar causes the machine to print all the figures, add the amount of the check and shuttle the carriage into position to print the numerical name and address of the endorser bank. Printing the latter causes the carriage to shuttle back to the first position and spaces the platen for the next line.

Besides reducing the numbers of characters to be written by shortening every name and address to a "numerical designation" of not over six figures, the machine entirely eliminates the necessity of writing ciphers and spaces. Ciphers and spaces, both between words and between lines, are automatic on Burroughs machines.

For instance, instead of writing "Farmers State Bank of Morocco, Indiana," or an abbreviation, the Indiana National will now write "71-600." Instead of writing 35 characters to give the name and address in full, or at least 20 to abbreviate it so no one

but a banker could decipher it, the operator will write three figures—"71-6"—the ciphers print automatically.

It cost real money to write transit letters. Cutting out the labor of writing spaces and punctuation in transit items will save the banking world a sum of money running into six figures in a year. Cutting out the work of writing ciphers will amount to as much or more. Shortening the name and address of the two banks which will be given in every transit item means millions a year to banks.

Here is a transit item written the old way and the new. Note the difference:

Howard Nat. Bk., Burlington, Vt.	\$1,-
000. T. N. P. Ill. Tr. & Sav. Bk., Chi.	
58 3 2 16	\$1,000.00 TNP

The first way, abbreviated to the bone, requires at least 70 operations, not including the work of moving the carriage and turning the platen. The second way requires thirteen operations for everything—all carriage movements are entirely automatic. This is a saving of 57 out of 70 motions.

The Indiana National, which gets its name from a reorganization of the State Bank of Indiana in 1865 (the State Bank was organized in 1834), was one of the first banks in the State to use an adding machine. The first machine used by this bank is still in use and giving perfect service.

The adding machine was investigated by the Indiana National nearly fifteen years ago, and the first one, a Burroughs, was purchased March 22, 1898. Another machine of the same make was purchased two years later and since then at least one additional machine has been purchased almost every year. The bank has five Burroughs machines which have been in use ten years or over, all giving as good service as when new.

Another indication of the progressive spirit in the Indiana National is shown by the fact that it was one of the first banks in the United States to write its checks journal on an adding machine. This was nearly ten years ago. Since that time several thousand banks have adopted the adding machine method, and almost every bank in the country uses machines—more than 23,000 United States banks use Burroughs machines.



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AN AMERICAN BANKING AND CURRENCY SYSTEM

NOW that the attempt to transplant the German banking system to this country seems definitely to have broken down, it remains to be considered what practicable measure may be brought forward to take the place of the discredited plan.

While the National Reserve Association's proposals were unsound in one or two important respects, they nevertheless contained many highly valuable principles that ought to be embodied in our banking system. But the plan by which it was proposed to accomplish these desirable reforms was from the start recognized by thoughtful observers to be utterly impracticable from a political standpoint. This view was urged upon the bankers of the country again and again in the pages of THE BANKERS MAGAZINE. But they made the mistake of thinking—many of them at least—that a centralized piece of machinery, entirely new to the present generation, could be set up for the regulation of banking in this country. By prominently advocating a measure of this kind—one so opposed to our institutions, habits and history—they have unfortunately caused suspicion to attach to any plan emanating from the bankers. This is greatly to be regretted. For the banker is the one best qualified to draw a banking plan, just as the architect is best qualified to draw the plans of a house.

That the great body of the bankers of the country have allowed themselves to support this foreign financial measure furnishes an impressive lesson of the danger of allowing some one else to do your thinking for you. What did the practically unanimous vote for the Reserve Association plan at New Orleans signify? That the bankers there present had carefully studied its proposals, and had deliberately come to the conclusion that they were wise and politically practicable? No; it meant—with a few notable exceptions of course—that the bankers were quite willing to defer to the powers that be and to follow wherever they might lead. This is not the language of prejudice or of criticism. It is the truth. What real discussion of this measure has ever taken place at the meetings of the bankers in their national conventions? How much space on the programmes was ever accorded to any man who was known to oppose it? So much for the Aldrich plan. *De mortuis nil nisi bonum.*

Now that the slate is cleared, the work can be begun afresh. There is substantial agreement on what reform in our banking system is of first-rate importance, namely, a better handling of reserves and some greater elasticity both of notes and credits.

How is this to be brought about?

Let us for the moment forget how it is done elsewhere. Let Germany, France and Great Britain keep their excellent systems. Let us recognize things as they are; not abroad, but here, taking into careful consideration everything—the banks, the people, our whole commercial, financial and industrial fabric, the history, institutions and prejudices of the people, particularly their prejudice against a great centralized piece of banking machinery.

The periodical collapse in our banking system arises through inability of the reserve banks to meet the demands made upon them.

Why are they unable to meet these demands?

Is it because our reserve banks are badly managed?

No; they are managed with great integrity and with a high degree of financial skill.

If the fault does not lie in the management, then it must be found somewhere in the lack of equipment for performing the duties that devolve upon them. There, in our judgment, lies the fault, and one that may be remedied without stirring up hostility between different classes of banks or arousing political prejudice. But how? By strengthening the reserve banks in the following manner:

First—National banks in central reserve cities desiring to act as reserve agents to have a capital of not less than \$5,000,000, and to keep on hand in gold coin or certificates a reserve of fifty per cent.; provided, that by consent of two-thirds of the banks members of the clearing-house association where the banks may be located, the reserves may be allowed to fall to not less than twenty-five per cent., to be restored to the full amount required whenever two-thirds of the banks members of the clearing-house shall so direct.

(The minimum capital could, of

course, be made smaller, the aim being simply to recognize the principle that banks authorized to act as reserve agents should have adequate capital. Even were the capital requirement placed at the figure named, all banks in central reserve cities could carry out-of-town bank accounts, but could not be designated as reserve agents. Probably the reserve named above is also higher than necessary, but here again it is only sought to enforce the principle that reserve banks, to be efficient, must carry a high percentage of gold. Elasticity of credit is provided for in the proposal to permit the reserve to fall to a certain minimum at the discretion of the clearing-house.)

Second—Confer upon banks thus qualifying to act as reserve agents the right to issue circulating notes based upon their general credit. Such notes to be redeemed through the clearings.

Third—Impose like regulations upon banks in reserve cities, except that the capital and reserve requirements are to be made smaller.

Fourth—Require all national banks in the central reserve and reserve cities to belong to a local clearing-house association having a clearing-house examiner acting under rules approved by the Comptroller of the Currency.

Fifth—Provide that the clearing-house in the cities of the classes named shall form an organization for mutual coöperation, under regulations to be prescribed by the banks and approved by the Secretary of the Treasury.

Were the reserve banks thus equipped, they could readily respond to every demand made upon them. The elastic reserve provision and the authority to issue credit notes would make it possible to provide all the accommodation the legitimate business of the country will require, and would enable the banks to rediscount for other banks. Already the more important banks in

the reserve cities have efficient credit bureaus which give them a fair idea of the value of all paper offered to them. Of course, in rediscounting the indorsement of the bank applying for the rediscount would of itself, in most cases, be an adequate guaranty of the quality of the paper.

Through clearing-house affiliation a considerable degree of coöperation could be obtained. This coöperation should have for its object restraint of inflation as well as relief of stringency. The enlarged extent to which banks are already coöperating in ways heretofore thought impossible justifies the belief that such coöperation would be gradually brought about.

With these reforms effected; that is, with the reserve banks adequately equipped to perform the duties imposed upon them, there would still be much remaining to be done. Many of the proposals embodied in the Reserve Association plan should become laws, for they would be of great service to our commerce and industry. The provision for foreign banks could be dealt with in a separate bill. Surely, the time is ripe for devising a plan whereby our great banks may enter the foreign field if they choose. This ought not to wait on general financial legislation either. We have plenty of national banks now that should be permitted to establish foreign branches, and Congress should grant them this privilege without delay.

It is the manifest duty of Congress to enact legislation that will prevent the disgraceful financial panics to which the business of the country is periodically subjected with such ruinous results. It is likewise the duty of bankers and others to support some plan that will be effective and that is politically practicable. The plan above presented would, in our opinion, meet these requirements.

THE MONETARY COMMISSION'S BILL

WHAT sounded painfully like the swan song of this much-talked-of measure was listened to by bankers attending the Detroit convention, the principal speaker being Hon. ROBERT W. BONYNGE of Denver, who was a member of the now defunct Monetary Commission. While dissenting from many of his opinions, the following general summary of our banking system's defects seems accurate enough:

"At the present time we have only local banking institutions. They are indispensable to our development. But it is equally necessary that we should have some financial organization of a national character to represent us nationally and internationally in matters affecting the credit and standing of the United States as one of the great financial powers of the world. That organization should also be given the necessary powers and functions to insure effective coöperation between our many thousand isolated banking units for their own mutual protection and the utilization of our numerous banking resources.

"The three fundamental defects in our monetary system are, then, the unscientific treatment of our cash reserve; the rigidity of our entire credit system; and the lack of effective coöperation between our banks. They are now pretty well understood to be the responsible causes for the many bank panics that have disgraced us in the past and from which all other great commercial nations have been exempt for practically half a century."

From this Mr. BONYNGE deduced the conclusion that some form of organization like the National Reserve Association is a necessity. He sketched the work of the clearing-house associations, the increase in their numbers and the enlargement of their powers. What he

evidently failed to see was that the clearing-house organizations may be gradually shaped to meet our needs equally as well as the National Reserve Association could do. This is a development that now seems to be going on.

Mr. BONYNGE declared that the proposed National Reserve Association radically differs from all existing central banks in the very important respect that it is not to engage in the general banking business. "Neither it nor its branches," he said, "are to compete with State or National banks in any field of operations in which they are now engaged." This is inaccurate. The Reserve Association would receive bank deposits; so do very many of the State and National banks. It would compete with National banks in the issue of notes, in buying and selling exchange, and in rediscounting; also in holding Government deposits.

What Mr. BONYNGE doubtless meant in saying that the Reserve Association was not a central bank was simply that it was not like the other central banks, but was one of limited functions.

This attempt to cover up the real character of the Reserve Association, and the pretended disinterestedness of the National Citizens' League in supporting the measure have done much to discredit the Monetary Commission's plan. The fight would better have been boldly made and in the open.

Another thing, a financial and banking bill to gain public support should be prepared by some one who has the public confidence, and by some one who knows the traditions, history, habits and prejudices of our people. How the bankers of the country, in view of all these considerations, ever should have believed that anything so repugnant to our institutions as was the Monetary Commission's plan could get through Congress passes comprehension.

But the Monetary Commission plan

contained some excellent features, notwithstanding the impracticability of the measure as a whole. It is idle to say that the scheme must be adopted in toto or that nothing must be done. Take, for example, the provision regarding the establishment of American banks in foreign countries. That could be done without remodelling our entire banking system. And there are many other excellent provisions in the bill of which the same might be said.

Should the National Reserve Association plan be hopelessly dead, as now seems probable, many of its objects might be attained in a way that would be less objectionable and more in accord with our traditions. Probably in properly equipping the reserve banks to fulfill their functions, or in extending and developing the activities of the clearing-houses, and bringing them into coöperation, will be found the true and practicable solution of our banking and currency problems.

Even if the Monetary Commission plan fails, it has served an excellent purpose in drawing public attention to the question.

The setting up of a new form of financial machinery, based largely upon European models, and possessing tremendous powers, is a difficult task to carry out in this country. But that does not mean that the cause of banking and currency reform is a hopeless one.

THE BANKERS AND CURRENCY REFORM

RATHER a despairing note was struck at the Detroit convention of the American Bankers' Association in regard to the results of the work so long carried on in behalf of banking and currency reform. Mr. ARTHUR REYNOLDS, chairman of the executive council, spoke regretfully of the lack of accomplishment and with little hope

for the near future. A resolution introduced by Mr. FESTUS J. WADE of St. Louis seemed to indicate that hereafter the bankers would be less prominent in urging this reform, but that they would actively coöperate with other organizations and individuals in securing the adoption of an efficient and practicable plan.

Both Mr. REYNOLDS and Mr. WADE, as members of the Currency Commission of the American Bankers' Association, have labored long and zealously in the endeavor to arouse interest in this matter and to secure needed legislation. Their work, and that of the other gentlemen associated with them on the commission—including so well known a banker as Mr. HEPBURN of New York—and the whole campaign of education and discussion carried on by the American Bankers' Association, have not yet brought about the desired legislation. But these efforts have done a great deal of good, and in time they will prove to have been instrumental in effecting this great reform.

We remember very well that this same question was discussed in the convention of the American Bankers' Association at Chicago in 1893 by HORACE WHITE, the late GEORGE A. BUTLER and others. It has been a prominent topic at nearly all the conventions for the last twenty years. And in that time a great deal has been accomplished. Why, not so very long ago, at Kansas City, the American Bankers' Association was narrowly saved from being put on record in favor of free silver. As a matter of fact, the association as a whole probably never was in favor of free silver, but there was a strong silver sentiment in the Kansas City convention, as those who attended it know. But the association in 1896 and subsequently was one of the strongest defenders of the gold standard and did as much

and perhaps more than any other organization to prevent the debasement of the country's money.

For nearly twenty years we have watched the discussion of banking problems with careful attention and deep interest. In that time a great improvement has taken place in our banks, in their management and in the laws relating to them. This marked change has been brought about largely through the bankers' associations. And even the currency laws have been immensely bettered. We have seen the destruction of the free silver craze, the retirement of the Treasury notes of 1890, the stoppage of the purchase of new silver for the coinage of dollars, the definite adoption of the gold standard by law, and the taking away of the circulation privilege from new bonds. We have also seen the bankers of the country, once almost solidly opposed to anything but bond-secured bank currency, come to realize its imperfections and to insist that its place be taken by something more scientific.

These great changes of sentiment, this vast improvement in actual conditions—and we have not dealt with the wonderful improvement in bank management through clearing-house examinations, of which much might be said—all have come as a result of the discussions originated and carried on by the American Bankers' Association and by the numerous state bankers' associations. And while what many regard as the great reform of our banking system has not as yet been effected, the way has been prepared for it.

To enable one to get an accurate view of the present status of the question, it is necessary to go back to the appointment of the National Monetary Commission in 1908. It will be recalled that this was the time when the CANNON régime dominated the House

as did the ALDRICH régime the Senate. The standpatters were in the heyday of their power. All this is changed now. But the Monetary Commission was a conspicuous illustration of what could be done in those days. Certainly no one could claim that its members—with two or three exceptions—possessed any special qualifications for the places to which they were appointed. Mr. ALDRICH's name at the head of the commission undoubtedly aroused distrust, whether justly or unjustly, and this has tended perhaps as much as anything else to nullify the really valuable work done by the commission. The prolonged investigations in Europe, the scant opportunity given in this country to those who opposed the measure to present their views, the apparent predominance of Wall street in the preparation of the plan, its being one thing and pretending to be another, and its open defiance of our previous experience with a centralized institution, all tended to handicap the plan from the start.

At the time the National Monetary Commission was appointed conditions in Congress were such that any measure agreeable to the ruling element could have been put through. The steam-roller was then thoroughly equipped and only the word had to be given for its drivers to run down all opposition. Possibly those who put the Aldrich-Vreeland law through might just as well have employed someone to draft the charter for a central bank as they could doubtless have had it enacted at that time, for their power seemed unlimited. Whether this view be correct or not, it is certain that in the spring of 1908, with a Republican House and Senate and with a Republican President, a law could have been enacted thoroughly and scientifically reforming our banking and currency system. This was a golden opportunity lost, perhaps never to be

regained. The political complexion of Congress, and probably the mental attitude of the President, will perhaps not for a long time be so favorable for banking and currency legislation.

But the blame for this delay does not lie with the bankers. They have recommended sound and simple measures that, if adopted, would have afforded great relief.

It is perhaps not accurate to characterize the National Reserve Association plan as the bankers' plan. They have in their national organization accepted it, but this organization does not include half the banks in the country, and it is by no means certain that a majority of those who are members are in favor of it. A majority of the very small number in attendance at some of the conventions have endorsed it, but those who attend the conventions know that it is rare when there are more than a few hundred in the hall at any one time. Voting is usually perfunctory, and whatever is proposed by the few guiding spirits goes through with a rush. Of course, it might have been true, if all the banks in the country had voted on this measure they would have approved it, but they have not done so.

We do not believe the Reserve Association plan to be vital to the country's economic welfare. True, some of the objects aimed at in the measure are meritorious, and they may yet be attained in other ways, as we have elsewhere pointed out in this issue.

The bankers who have done so much to make currency and banking reform a vital issue should not lie down discouraged at this stage of the game. They wanted a central agency of some sort and are not going to get it, as they should have known beforehand. But what they were really aiming for was a better handling of reserves and greater elasticity of credit, and we have shown them how these things may

be had. The means whereby they are obtained matters little. The result is all-important.

At the Detroit convention President LIVINGSTONE urged the bankers to stand to their guns and continue to demand the adoption of the Aldrich plan. We believe the bankers should continue to work for a betterment of our banking system at the points where its conspicuous weaknesses have been developed, but see no reason why they should continue to waste their efforts in behalf of a measure absolutely impracticable from a political standpoint. Let them work for some such simple and effective measure as we have outlined in the first pages of this issue, and their labor will not be in vain.

OUR IGNORANT BUSINESS MEN

ONE of the prominent candidates for the Presidency—it doesn't much matter which one, since they are all known to be experts in business of every kind—declared recently in a public address:

"I do not like to say it, but upon my word I have been impressed sometimes with the very marked differences between American business men whom I have talked with and foreign business men. As compared with many a business man they seem to be veritable provincials, ignorant of the markets of the world, ignorant of the courses and routes of commerce, ignorant of the banking processes even by which goods were exchanged."

We suppose the reason our business men are so ignorant and do so badly in manufacture and trade is because they don't follow the advice of the politicians. What our manufacturers and merchants should do, if they wish to rise above this dense level of stupidity to which the candidate referred to al-

leges they have fallen, is to call in the country's real business experts, Mr. TAFT, Mr. ROOSEVELT, Mr. WILSON and Mr. BRYAN. These gentlemen, so far as we know, have never "been in trade." They haven't manufactured anything that we know of save words, words, words. They do not belong to "the producing classes." They are not merchants and do not deal in anything. But they know all about business. Being spectators of the game they can see so much better than those actually engaged in the struggle of producing and marketing. Without experience in industry or trade themselves, they do not hesitate to criticise others and to tell them how business should be run.

What a happy day it will be for America when its ignorant business men are driven out of the factories and shops and their places taken by the wise politicians!

INCREASED BANK CIRCULATION

ALTHOUGH money rates have ruled low for some time, the circulating notes of the National banks keep on increasing, the total volume outstanding on September 3 being \$746,501,307, compared with \$737,206,748 on Sept. 1, 1911.

But while the unresponsiveness of the bond-secured bank circulation to business needs is well known and will continue until some more scientific means of securing the notes is adopted, the tendency toward inflation of the currency through this source has been measurably reduced by rendering new issues of bonds unavailable as a basis for bank circulation. Perhaps it would be going too far to assume that this policy has been definitely decided on, and to consider it an indication of an intention on the part of Congress gradually to provide for a really elastic

bank-note circulation. It may be only a temporary expedient put into use because of the necessity of protecting the market value of the two per cent. bonds, over \$600,000,000 of which are held by the banks to secure their circulating notes.

Should the Government find it necessary at any time to borrow largely its own needs will no doubt weigh heavier in the scales than any considerations regarding the country's bank-note system. Still, it may be impracticable to attach the circulation privilege to new three per cents. while so large a volume of twos remains outstanding. If, in the course of time, the postal savings funds are sufficient to absorb the bulk of the two per cents. the Government could then issue 3's with the circulation privilege without much danger of impairing the value of the two per cent. consols of 1930.

LANGUID INTEREST IN POLITICS

NOMINEES of the several parties have tried heroically to stir up the people to a proper appreciation of the danger that threatens the country if the other fellow should happen to be elected, but up to the present time the people seem to be indifferent to these warnings. They have heard them before.

The real issues at stake seem less important than they did a month ago. On the tariff the difference between the three parties is chiefly on the surface. They are each pledged to downward revision. No doubt the Democrats would cut duties more than either the Republicans or Progressives. But after it was all over the tariff would probably remain protective.

On the currency, neither party has any convictions that amount to anything, and whichever one succeeds in getting the Presidency and the Con-

gress, that question will be the last one considered, for it is a question the politician always fears. He does not know anything about it except that it is pretty apt to be loaded with political dynamite. Therefore, he never touches it except upon compulsion and even then very gingerly.

As the weather grows cooler interest in the political situation may warm up, but so far there has been but little disposition on the part of the people to grow enthusiastic over either of the candidates. It is a hopeful sign that business conditions appear absolutely indifferent to the campaign.

One reason why the people are apathetic is because there are so many candidates abroad, so much campaigning, that voters are literally talked to death. A politician to attract any attention in these days has to offer a striking and radical programme, and even this device soon loses its drawing powers.

Much of the programme for social justice which gives vitality to the Progressive cause could be worked out through state legislation without injection into national politics at all, but its employment by Colonel ROOSEVELT was a shrewd move, illustrating his great political sagacity.

The indifference manifested toward political questions would be deplorable were the country suffering from tyranny or corruption, but may be regarded as an evidence of mental poise under present conditions. Our institutions are not perfect; but they are not so bad. This country is making tremendous progress commercially, industrially and morally. The average man has, perhaps, as good a chance here as anywhere in the world.

When the people show political apathy it may be taken as a sign that they are prosperous and so busy making money that they have little time or disposition to get excited about politics.

INSURANCE OF BANK DEPOSITS

WHILE agitation for some kind of bank insurance or guaranty of deposits has died out to some extent, this is still a live question in certain sections of the country. At the recent annual convention of the Wisconsin Bankers' Association the question was fully discussed.

Although Wisconsin has an excellent banking law and exceptionally well-managed banks, the demand for deposit insurance there appears strong. The bankers feel it wise to take note of this sentiment and prepare to meet it in the best way. In their convention they put themselves on record as opposed to compulsory guaranty of deposits, but they appointed a committee to confer with a committee of the Legislature to devise a plan of mutual deposit insurance. It was the view of the bankers that this insurance should not apply to deposits on which more than three per cent. interest is paid.

THE BANKERS' ASSOCIATION AND THE FINANCIAL PUBLISHERS

AT Detroit representatives of several of the Eastern banking and financial periodicals presented to the executive council of the American Bankers' Association a protest against the present character of the "Journal" of the association, on the ground that this publication unfairly competes with other financial periodicals supported by private capital and enterprise. The charge, in brief, amounts to an assertion that the bankers' association has gone into the publishing business, to a certain extent, and in competition with the other publications. The executive council, after giving a patient and courteous hearing to representatives of the publishers, declined to accept their views of the matter. Doubt-

less the bankers, not being in the publishing business themselves, can hardly look at the matter from the same standpoint as the publishers do.

There has been of late years a considerable increase in the number of magazines and newspapers competing for the business of the banks. Of course the number of banks has also largely increased. The fact that the "Journal of the American Bankers' Association" gives a considerable amount of information that the other publications give, brings it into competition with them to a degree, at least. Unquestionably, the "Journal" has a certain prestige derived from its official character. It is, in effect, a subsidized publication, and the cost of supplying it to members is included in the membership fee.

Now, whether this is ethically a proper thing for the bankers' association to do or not is a matter about which our opinion is liable to be biased. Nobody objects to a publication that would be merely a bulletin of the transactions of the association. But it is contended by the publishers that the "Journal" is going beyond this and encroaching in the field of private business enterprise. It is also pointed out, and with much justice, that the protesting publications have been largely instrumental in building up the American Bankers' Association to its present large proportions.

The banker is a good deal like the rest of us, and if he can get something for nothing is pretty apt to take it and not look too closely into the origin of the gift.

The publication of the "Journal" costs the American Bankers' Association a large sum annually and it is doubtful if the gain to the members is anything like as much as the outlay. Much of the information it contains is supplied by the other financial publications, and to this extent it represents a

useless expenditure. No doubt if the "Journal" were discontinued altogether the existing financial publications would gladly publish all routine matters pertaining to the association, thus saving the association many thousand dollars annually.

THE POSTAL SAVINGS BANKS

BEFORE the recent convention of the American Bankers' Association the director of the postal savings banks made an address eulogizing those institutions and urging that the present restrictions of deposits of any one individual to \$500 be removed, but that interest should not be paid on deposits in excess of \$1,000. The speaker contended that inasmuch as the money received by the postal savings banks never could have been secured by the ordinary banking institutions, these could not have sustained any losses through the establishment of the postal savings banks.

By providing for the redeposit of the postal savings funds in other banks, some of the grounds of objections which the banks had against the Government institutions disappears. But it is still a question whether this was a wise departure, for when the amount of the deposits becomes large enough Congress may be tempted to permit their employment in ways less safe than is now provided for. The postal savings scheme really amounts to an insurance by the Government of savings deposits. As the rate of interest paid by ordinary savings banks is about four per cent. while the postal savings banks pay but two per cent., the rate charged for insurance is about two per cent. That is a pretty stiff rate for the poor and ignorant depositor to pay, but inasmuch as he hasn't gumption enough to know that there is an equally safe depository just around the corner that will pay

him twice as much interest, he suffers the loss, and a benevolent Government, under the guise of philanthropy, aids in maintaining the deception.

Perhaps the banks are not wholly blameless. Many of them have taken little pains to inform the foreigner of the safeguards thrown around deposits, but the newspapers, printed in all kinds of languages, never fail to proclaim every bank failure in black type. If the savings banks would take proper means to inform the people as to the safety of the banks, even the "ignorant foreigner" would not be duped into sacrificing two per cent. interest to a benevolent but needy Government.

AGRICULTURAL CREDIT

OCCLUSION has been taken frequently in these pages to commend the work of the American Bankers' Association in behalf of procuring improved means of agricultural credit in this country. The address delivered at the Detroit convention by Mr. CHARLES A. CONANT, the well-known financial authority, admirably outlined what Europe has done in this respect, and clearly pointed out what may be done here with proper effort.

There is to be a General Assembly of the International Institute of Agriculture at Rome, Italy, in May of next year, and it is expected that prior to this meeting an investigation of the European agricultural credit systems will be made by committees representing this and other countries. It is hoped that the Legislatures of the various States may provide for the appointment of two delegates from each State.

Agriculture is one of our greatest industries—perhaps the greatest of all. It must be admitted that its credit requirements have received far less attention than the importance of the matter deserves. No doubt an agri-

cultural credit institution could be created whose bonds could be sold both here and in Europe, bearing a very low rate of interest, which would give our farmers cheaper credits and a source of credit that could always be relied on.

If the work in this direction inaugurated by the American Bankers' Association shall be successful, as now appears probable, a lasting benefit will be conferred on the people of the United States. The motive of the bankers in working for this important reform is simply this: They believe that it will immensely benefit our agriculture, and indirectly all lines of industry and trade, and that the bankers in common with all who are interested in the very best possible development of the country's resources will receive a proportionate share of the prosperity thus brought about.

POLITICIANS USING THE BANKS

NOTWITHSTANDING the fact that many of the great political lights seem to regard the banks as so many auxiliaries of the fabled money trust, these institutions are seen to possess a certain degree of serviceability in forwarding the fortunes of these same political lights and thus aiding in the spread of intelligence, virtue and prosperity. It may be good politics to denounce the banks as tools of the money trust. Still, the banks may become useful to the politicians. The latter do not scorn support of a practical nature. They are quite willing to have the banks act as agents in receiving funds for use in the campaign. This practically means that the banks are to be used as temporary depositories for such funds as the people care to contribute, pending the disbursement of the money in the ordinary ways believed to be conducive to the spread of political virtue.

While by thus acting the banks encounter some expenditures in the way of accounting, probably they may find the temporary use of the funds entrusted to them sufficient compensation to offset this.

So long as the banks act impartially in receiving funds for all of the political parties, the plan referred to is probably unobjectionable, for as a matter of fact whoever collects campaign funds the money will very likely pass through the banks anyway. Of course, the banks will not allow themselves to be put in a position where they even seem to be soliciting funds for any party exclusively, for the banks are dependent for their business on people of all sorts of political faith.

HIGH COST OF LIVING

RECENTLY, in the United States Senate, this topic was carefully discussed by Hon THEODORE E. BURTON, United States Senator from Ohio, and an economist of high repute.

Mr. BURTON did not ascribe the high prices to any single cause, but cited a variety of influences operating to increase the cost of living. Not an insignificant factor by any means is the greatly enhanced cost of government and the ever-growing burden of naval and military outlay.

While individuals may do much in retrenching their own expenses, they do not find it easy to exert their influence effectively in checking State, Federal and municipal extravagance.

A CENTRAL CREDIT BUREAU

MANY attempts have been made by bankers to establish a central bureau for the exchange of credit information. These attempts have not been successful, for the reason that there are practical difficulties in the way not

easy to overcome. But they are not necessarily insuperable.

An incident was related by President JOYCE at the recent convention of the Wisconsin Bankers' Association showing that a central credit bureau of some kind is badly needed. He told of a well-rated manufacturing concern that wrote thirty letters to as many small banks asking for a loan of \$2,000 or \$3,000, and stating that at the time the local banks were not in a position to grant the loan. Twenty-seven of the banks addressed, supposing the total of the amount required was not more than \$3,000, granted the loan. They were probably surprised to find out later how many banks were creditors of a concern which, it developed, was in very bad condition when these loans were made.

The reluctance shown in devising some means to obviate occurrences like the above illustrates strikingly the disposition of the average American to take chances, and shows that even the bankers are not exempt from this national characteristic. This explains why the bankers are so slow in voluntarily devising methods of coöperation that would make panics impossible. Each bank is afraid the other fellow would be advantaged too much, and each bank believes too strongly in its own ability to care for itself. Perhaps some day the enlightened view will prevail that what injures one bank injures all and that the highest degree of efficiency and safety can be attained only through coöperation and mutual protection.

BANK HOLIDAYS

ACCORDING to a recent dispatch from Berlin, a new fashion, for winter instead of summer holidays, is about to be set by the Imperial Bank of Germany, which employs thousands of clerks in all parts of the country.

The bank's proposal, which may be imitated in other countries if the experiment is successful, is to offer the special inducement of extra leave for all members of the staff who are willing to take their holidays between September 15 and May 1. The extra leave will consist of two days for each week of the regular summer holiday.

The idea of the directors of the Imperial Bank is to do away with the necessity of engaging a large number of clerks temporarily during the summer to do the work of those who are away.

In this country one of the greatest inducements for taking a vacation in summer rather than in winter lies in the fact that in most of our large cities the summer's heat is extremely uncomfortable and enervating. This could be better borne were the clothing prescribed by modern fashion such as to render life in a torrid climate a little less intolerable. But who would dare transgress a fashion for the sake of mere comfort?

While on the subject of vacations, the following from the New York Sun, published early in September, will be found of interest.

"The vacation season is over. The Saturday half holiday too has passed away. Until Thanksgiving makes a momentary break in the strain life for almost all humans now becomes one 'demnition grind.' What a pity! Even the Christmas period hardly offers enough pause to enable hurried workers to catch a breath. We bend ourselves to the task. We chase the elusive dollar through all the rains and snows and frosts of the winter and all the capricious pranks of the so-called spring. In the summer we rest for a few moments and then we hasten onward again.

"If we were all doing these things because it was imperative to do them in order to earn a living we might forgive ourselves. But if we honestly con-

front our own souls and confess the solemn truth we shall have to admit that most of us could get enough to live on and yet have far more time for play than we have now. The trouble with most of us is that our conceptions of play have become so false and misleading that we have to pay a heavy price for them in hard labor.

"Summer is, of course, a most favorable time for the vacation. It is the time when one can enjoy the delights of sailing a boat. But it is not an indisputable fact that in order to have real pleasure on the water one must own at least a six thousand dollar motor boat. If one were not obsessed by such ideas as that one might have time to take a day off in the winter and go skating.

"Summer is the time to steep one's soul in the pleasures of the road. But in order to enjoy them it is not essential that one should own an automobile. Yet what American faces the finger of scorn which is certain in this pretentious land to be pointed at the man on a walking tour?

"There are a hundred ways of getting recreation and health in the summer at a moderate cost, but the true American spirit despises them. One must at least appear to be wealthy. This is one of the reasons why the summer vacation season is for most of us so short and the unbroken season of holding the nose to the grindstone so long. If we were perhaps a little less exorbitant in our demands of life we might have a little more time to play in the fall and winter and spring.

"If we would spread our butter thinner we could spread it wider. But most of us would rather go to some small place and look very large for a short time than be lost in the crowded ranks of the average. So here we are back again and hard at it. In the ripeness of time we shall all get a long vacation. But we shall not know much about it when it comes.

"Does all this sound pessimistic? It isn't. It is only a plea that while we journey through life we may do a little more living by the way."

MUST CASH U. S. BOND CHECKS

THE fact that many holders of United States bonds fail to present their coupons for payment within a reasonable period has caused Secretary MacVeagh to place a limit upon the time in which these drafts can be cashed without encountering delay.

Hereafter all bond interest checks outstanding for three years will be covered into the Treasury as outstanding liability. The payees of such checks will have to procure new checks and establish their right to the money.

NEW COUNTERFEIT \$5 SILVER CERTIFICATE (Indian Head)

CCHECK letter "B"; Plate number 1553; Series 1899; J. C. Napier, Register of the Treasury; Lee McClung, Treasurer of the United States; No. E58747966.

This counterfeit is a plain uncolored

photograph, printed on two pieces of paper between which a few silk threads have been distributed, and should not deceive those accustomed to handling money.

COMMERCIAL ARBITRATION*

By J. W. Spangler, Vice-President Seattle National Bank and Secretary
Seattle Clearing-House Association

THE fact that I have chosen the subject "Commercial Arbitration" upon which to speak is not to be construed as an indication that I am an authority on the subject; that I have had experience with arbitration or even that I am certain that commercial arbitration in the near future is to become an important agency in the settlement of commercial differences.

I seek to revive interest in and thoughtful consideration of a plan the principles of which are very old and require no defense, and should the advantages be sufficient its general adoption will sooner or later occur.

Time was when all differences were settled by physical force. Indeed in England up to 1819 citizens could settle their differences legally by personal encounters, but in that year we read of their advanced conclusions in the following language:

"Trial by battle is a mode of proof unfit to be used in any suit and it is expedient that the same be wholly abolished."

Arbitration might be employed in adjusting almost any form of dispute, but its application to commercial disputes seems most likely, and since commercial activities are of the most intimate concern to us I have elected to briefly consider the subject with special reference to commercialism.

It may be news to some of you residents of Montana that this State has a statute providing for the submission to arbitration of almost any matter in controversy between parties, except title to real estate, and providing further that when the arbitration is properly conducted and finally determined it has the same force and effect as a judgment in a civil action and is equally as binding on the parties to the controversy.

The State of Washington, in which I live, has a similar statute and has had for many years, the original act having been passed, I believe, in 1860, although it has since been amended in some particulars. The law is not frequently invoked, however, and may to a certain extent be considered to have become a dead letter; and while I am not well informed as to the facts, I am inclined to the opinion that the same is true of the Montana law.

Recently the subject of commercial arbitration has engaged the attention of the New York Chamber of Commerce, one of the most dignified and important organizations of its kind in the United States. Other organizations have also become interested in the subject, notably the National Association of Credit Men, which has appointed a special committee on commercial arbitration.

ADVANTAGES OF COMMERCIAL ARBITRATION.

To my mind the chief point in favor of arbitration is the expedition with which differences may be settled. There are the law's delays so annoying to the busy commercial citizens, which are, I believe, primarily due to the crowded condition of our court calendars; then, too, lawyers may invoke a score of measures well known to the profession to delay the final hearing of a case—interlocutory proceedings, convenience of counsel, unpreparedness of one side or the other, absence of witnesses and various motions are some of them, all of which are familiar to any who have had court experience.

Material saving in attorneys' fees and court costs constitutes another point favorable to arbitration.

In settling disputes by arbitration it is possible for the disputants to select for their judge and jury, who are

* Address before the recent convention of the Montana State Bankers' Association.

one and the same, experts on the subject in dispute, men who are in intimate contact with similar problems and familiar with the business custom and practice touching the points involved in the controversy, and thus relieve the proceedings of the necessity for a large list of expert witnesses and effecting a reduction in the time necessary to hear the cases, as well as largely reducing the item of cost.

Intricate points of law are obviously not suited to arbitration. Recent experience has shown, however, that points of fact are best decided by arbitration methods.

You will, of course, readily understand that none but honest differences are likely to be submitted by the disputants. If A and B should have a controversy in which A is attempting to defraud B it is most unlikely that A would consent to arbitration. In such a case he would prefer to take his chances with the courts, trusting his cause in the hands of some keen technical lawyer with the hope of winning.

In many of our actions at law today both parties are honest in their contention and frequently each questions the good faith and integrity of the other, resulting in protracted, expensive and bitter contests.

PLAN OF THE NEW YORK CHAMBER OF COMMERCE.

At this point may I briefly present for your consideration the plan and the experience of that great commercial center New York city. From its earliest existence in 1768—144 years ago—the New York Chamber of Commerce has had a committee of arbitration; owing, however, to certain imperfections either in the plan or the State laws governing the practice, and possibly influenced by changes in commercial custom, the plan in recent years has fallen into disuse. In the spring of 1910, however, the President of the Chamber of Commerce appointed a special committee of five to consider and report whether there was need of re-establishing the committee of arbitra-

tration. This special committee, headed by Mr. Charles L. Bernheimer, after exhaustive research and careful consideration reported that there is need of re-establishing such a committee and gave its opinion that such a committee "would perform a valuable public service in the settlement of business disputes and differences, saving much expenditure of money and many tedious delays and vexations incident to trials in courts of law."

The plan prepared and adopted includes the selection of a list of not less than fifty official arbitrators. Matters may be submitted to one of the official arbitrators, who may act as sole arbitrator or to any two, which two shall select a third, the latter to be chosen from the official list of arbitrators, or may be submitted to the entire committee on arbitration.

Disputants referring matters in controversy are required to sign a form of agreement which includes a stipulation to the effect that they will abide by the decision of the arbitrator or arbitrators, and will not withdraw from such submission after the arbitrators have accepted their appointment.

The rules and regulations governing the procedure are few and simple:

An oath must be taken by members of the committee.

Submissions must be in proper form and acknowledged.

Hearings are public or private as the parties may agree.

Cases must be heard with as much dispatch as possible and shorn of needless formalities.

Rooms and stationery are furnished by the Chamber of Commerce.

Each party furnishes his own witnesses, paying the fees thereof.

Arbitrator's fees are \$10 per day, which fees, stenographer's expense, and other minor expenses, are to be awarded as the arbitrators may decide.

Beyond these there are practically no rules, and while these were made for the Chamber of Commerce in New York, I see no reason why they are not adapted, with possibly some slight

modifications, to the use of any community.

In some States the fees of arbitrators are as low as \$3 per day each, a ridiculously low figure, and an element which has a discouraging influence in attempted arbitration.

The experience of the New York Chamber of Commerce since the adoption of the above plan has, I am told, been very gratifying and numerous cases have been submitted and successfully settled.

The Chambers of Commerce or commercial bodies in the small cities can follow this example. The plan provides an avenue of usefulness under the direction of our Chambers of Commerce not now generally undertaken but entirely within their scope as institutions organized and maintained for the benefit of their respective communities. The requirements upon the arbitrators would be much less in the small communities, and the cases upon which awards are to be made would be of less frequent occurrence.

The committee on arbitration and the outside arbitrators would be undertaking no greater task than most public-spirited citizens are willing to and do undertake in other directions.

Our courts would be relieved of many small matters now engaging much of their time with, I believe, a fair chance of a more satisfactory result to the disputants beside the saving of time and expense incident to extended litigation.

Moreover, it seems reasonable to me to conclude that the idea of arbitration has a tendency toward elevating the standard of fair dealing among men and in most cases there might be expected to be less bitterness during the hearing and after the award than is usual in and after court proceedings, and the interests of commercial peace would be advanced.

The simple informality of a properly arranged plan of arbitration where differences or disputes are "talked over," so to speak, would tend to establish the truth of the sentiment contained in the verse of Nixon Waterman:

If I knew you and you knew me—
If both of us could clearly see,
And with an inner light divine,
The meaning of your heart and mine,
I'm sure that we would differ less
And clasp our hands in friendliness;
Our thoughts would pleasantly agree,
If I knew you and you knew me.

SEPARATION OF SAVINGS AND COMMERCIAL DEPARTMENTS

CONSIDERABLE interest is being shown in the work of the Law Committee of the American Bankers' Association, which is visiting different cities throughout the country, holding conferences with local bankers on the advisability of separating the savings departments of the various classes of banks from their commercial and other departments. The committee is taking up the question from the standpoint of its advisability and from that of the legislation needed for the investment of savings funds if the plan is adopted. The report of the committee, when submitted, should receive general attention.

The laws of a number of the States now permit the organization of banking corporations combining all the functions of the commercial bank, the savings bank and the trust company. In California, under the new banking act, all the departments must be segregated; but in most States segregation of the trust department is provided for, but the funds of the other departments are mingled indiscriminately. There are, of course, a few States where the savings deposits are required to be kept separate and invested in certain prescribed securities.

THE HUMAN SIDE OF THE BANK

By W. R. Morehouse, Assistant Cashier German-American Trust and Savings Banks, Los Angeles, Cal.

TO some people a magnificent building housing an elaborately furnished banking room appeals; to others a large paid-up capital with ample surplus; to others the presence of prominent men on the directorate and as active officers; to others what is commonly called "efficient service," and to still another class direct and indirect advertising.

And while each of these has merit of large degree and is very essential to a bank's welfare, still persons thus appealed to will, as a rule, be easily led to some other institution excelling in the same thing.

Thus we have a large class shifting from one bank to another, and many of them do so without any excuse for making such a change. The business of this transient class is of little value to any bank and often expensive. Banks everywhere are confronted with the problem of making this class of business profitable.

It is here suggested that we look to the human side of the bank for a remedy—for every bank has its human side. It is very possible that through a human agency the natures of this roving class will be touched and once having acquired an attachment to the bank, they will cease to shift about. This brings what is commonly called "personal contact" in to solve the problem.

MECHANICAL SIDE OF BANKING OVER-ESTIMATED.

Take the banks to-day and which side predominates? Unquestionably the mechanical side with little or no consideration for the human side. An almost undivided attention is paid to perfecting the mechanical workings of the institution—labor and money are without consideration if systems and methods are improved.

Yet, after all, that which is mechan-

ical, although it be nearly perfect, has but little attraction to the average customer of the bank, for he never comes in contact with its machinery, and he seldom sees beyond the marble counters and high brass railings.

The human side is not found in marble counters or massive steel vaults; nor in methods and systems, but as a potent factor it must radiate from the personality of the officers and employees. The human side of the bank is "personal contact" applied. Dissatisfied and grouchy persons are void of the essentials of personal contact, and therefore can take no part in dispensing it. Every face behind the counter should display a pleasing disposition; every word spoken in the transaction of business must be tempered with a generous kindness; and every action must disclose unadulterated sincerity; and these are but a few of the requisites essential to the finished product.

Every banker knows the power of compound interest, and yet how few have reckoned the great power of properly applied "personal contact." Its power to produce is beyond the reckoning of the conservative person and even the enthusiastic believer in it often underestimates its great value.

There should be a predominating human side in letters written to bank customers. Original, concise and forceful—each specializing on the case in hand—and in the most dignified way expressing the willingness of the bank to serve and not to demand or command. Specializing is utterly impossible if you circularize. Circular letters cost less but the results are accordingly small. But few people fail to detect the imitation. Circular letters are invaluable when properly used but they do not permit of proper handling of special cases.

A pleased customer is more than just an ordinary depositor—he is an

evangelist sowing the seed that the bank may reap greater business, and it always does. He is everywhere converting men to believe in his bank, and his conversions are generally of a lasting nature.

Every bank has its friends who are daily doing this, and the degree of success which it attains is largely measured by the number of them. A bank's greatest resource is its friends, and when it has many of them, its growth and ultimate success are assured. Friends are signboards pointing out the bank to those who seek bank homes.

The elegance of the bank's premises may indicate thrift and permanency, and a large capital and surplus stability, but what tells the story of the bank's success or failure is whether it has behind it a host of friends or only a few. Friends are the product of properly applied "personal contact."

Somewhere in the past the bank made its first friend. This person, then a stranger, felt the warmth of the human side of the bank and with the years that have passed since then this undefinable something has been steadily drawing him nearer and nearer until he now feels himself a part of the bank—it is his bank—and he believes in it as he believes in his own family.

It has been this same human side that has given banks their large clientele.

As a factor it appeals strongly to the stranger, for he longs to be received pleasantly and treated kindly—

nor will he overlook a forbearing spirit. Personal contact properly applied and at the right time will grip him and he is won—and this permanency of his business is assured. He is a desirable customer and his business is profitable to retain.

How few bankers have made the test by analyzing their business to see what is producing the growth? Those who have, know that more than sixty per cent. of all new business is the direct result of recommendations of friends of the bank—and who are these friends? They are the majority of a bank's depositors, all made loyal by the constant exercise of the factor we call "personal contact."

If a bank seeks new business or desires to make more stable the business it has acquired, it can do so.

Begin by doing two things: Practice a constant use of personal contact by hereafter presenting a little more of the human side of the bank—that factor which touches people's hearts and draws them; then let your friends know that their influence and good work are much appreciated.

A trial of these two practical things will beget a desire to continue the work along other lines.

The thing that goes the farthest to make a bank worth while,
That costs the least and does the most, is
just a pleasant smile;
It's full of worth and goodness too, with
hearty kindness blent,
It's worth a million dollars in deposits and
it doesn't cost a cent.

NEW COUNTERFEIT \$20 GOLD CERTIFICATE

SERIES of 1906; check letter "D"; plate number 147; W. T. Vernon, Register of the Treasury; Charles H. Treat, Treasurer; portrait of Washington.

This counterfeit is apparently printed from photo-mechanical plates of crude workmanship on two pieces of

paper between which short pieces of heavy blue silk have been massed to show in the white spaces. The number of the specimen at hand is B4520124. The portrait of Washington is so poor that it should lead to the immediate detection of the counterfeit.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

NOTICE

KNOWLEDGE OF CASHIER—WHEN NOTICE TO BANK.

Supreme Court of Florida, February 5, 1912.

PERRY NAVAL STORES CO. VS. CASWELL.

The knowledge acquired by the president, directors, cashier and tellers of a bank, while engaged in the business of the bank in their official capacities, will be notice to the bank.

But mere private information obtained by an officer beyond the range of his official functions will not be deemed notice to the bank.

Where the cashier of a bank as such has actual knowledge of bankruptcy proceedings affecting the estate of a debtor to the bank, his knowledge will be imputed to the bank.

THIS was a bill in equity by L. M. Caswell and W. M. Seaty for the cancellation of a judgment rendered against them in favor of the Taylor County State Bank and assigned to the Perry Naval Stores Company. The ground upon which relief was asked was that the plaintiffs had been discharged of liability by a decree in bankruptcy.

WHITFIELD, C. J. (Omitting part of the opinion): Section 17 of the bankrupt law of 1898 provides that "a discharge in bankruptcy shall release a bankrupt from all of his provable debts, except such as * * * have not been duly scheduled in time for proof and allowance, with the name of the creditor if known to the bankrupt, unless such creditor had notice or actual knowledge of the proceedings in bankruptcy. * * *"

It appears that the judgment held by the Taylor County State Bank was not scheduled as a liability and the bank was not designated as a creditor in the bankruptcy proceedings; but, if the bank had notice or actual knowledge of the bankruptcy proceedings in

time to prove its claim in due course the judgment is discharged by virtue of the bankruptcy proceedings. *Fider vs. Mannheim*, 78 Minn. 309; *Morrison vs. Vaughan*, 119 App. Div. 184.

The actual knowledge of the proceedings contemplated by the section is a knowledge in time to avail a creditor of the benefits of the law, in time to give him an equal opportunity with other creditors, not a knowledge that may come so late as to deprive him of participation in the administration of the affairs of the estate, or to deprive him of his share of the dividends, if any are to be declared. See *Birkett vs. Columbia Bank*, 195 U. S. 345, 25 Sup. Ct. 38, 49 L. Ed. 231.

In this case the cashier, who was also a director, and other directors of the bank had actual knowledge of the bankruptcy proceedings in time for the bank to have an equal opportunity with the other creditors. If the knowledge of these officers of the bank is imputable to the bank, it had notice or actual knowledge of the proceedings in bankruptcy as contemplated by the act, and, as it did not have its judgment proved with the claims of other creditors, the bankrupts are discharged from their liability to pay the judgment, and it should be canceled.

The knowledge acquired by the president, directors, cashier and tellers, while engaged in the business of the bank in their official capacities, will be notice to the bank. So far as either has authority to act for the bank, his acts are the acts of the bank; but mere private information, obtained beyond the range of his official functions, will not be deemed notice to the bank. (1 *Bolles on Banking*, p. 404; *Casco Nat. Bank of Portland vs. Clark*, 139 N. Y. 307).

It appears by the agreed statement of facts that W. A. Hendry was

cashier of the bank during the entire bankruptcy proceedings, that he was duly authorized to collect the liabilities of the bank, that he had actual knowledge of the bankruptcy proceedings from the filing of the petition therein, and that at least two months before the discharge of the bankrupts he was told by one of the petitioners in bankruptcy that the business of the bankrupts was then in process of adjudication in the bankruptcy court, and that the judgment obtained by the bank could not be paid, as the bankrupts were seeking to have all their liabilities discharged. Notwithstanding this actual knowledge by the cashier of the bank, who had authority to act for it, the bank did not file or make application to file its claim. Independent of the actual knowledge of the bankruptcy proceedings had by other directors of the bank, as shown by the agreed facts, the actual knowledge of the cashier, who was also a director, was, under the circumstances shown, sufficient to impute notice to the bank.

This being so, the bank "had actual knowledge of the proceedings in bankruptcy," and the judgment was discharged by the discharge of the bankrupts in the bankruptcy proceedings.

The decree is affirmed.

NEGOTIABLE INSTRUMENTS LAW

CONSTRUCTION OF—PROMISSORY NOTE —TIME OF PAYMENT—WHEN CERTAIN.

Supreme Court of Iowa, May 16, 1912.

STATE BANK OF HALSTAD VS. BILSTAD.

In construing the Negotiable Instruments Law the court is to keep in mind that the primary object in adopting the statute was to establish a uniform law.

Under the provisions of that law a note, otherwise negotiable in form, is not made non-negotiable by the addition of the provision, "It is agreed that if the crop on secs. 25 and 26, twp. 45-48, is below 8 bushels per acre (for 1905 as to one and 1907 as to the other) this note shall be extended for one year."

THIS was a suit to recover on three promissory notes executed by the defendant and another. Two of the notes were drawn payable to the order of Fred B. Lawrence and the other to the order of the State Bank of Halstad. The defendant attempted to plead a counterclaim as against the two notes made to the order of Lawrence.

SHERWIN, J. (Omitting part of the opinion):

The first question for determination is whether these two notes were negotiable. They both bore the same date, April 23, 1904, but one was due Dec. 1, 1905, and the other Dec. 1, 1907. Both contained the following provision, however: "It is agreed that if crop on Secs. 25 and 26, Twp. 145-48, is below eight bushels per acre (for 1905 as to one and 1907 as to the other) this note shall be extended one year."

The appellant contends that the agreement for an extension of the time of payment did not make the notes non-negotiable, because they would become due in any event, although the exact time could not be determined when they were executed, while the appellee insists that the notes were non-negotiable because they were not due upon a fixed or determinable future time. Although the notes were made in Minnesota and were payable there, it is conceded that their character as to negotiability is to be determined by the law of this state.

Our negotiable instruments act says that an instrument to be negotiable must be payable on demand or at a fixed or determinable future time, and section 3,060-a+ undertakes to define what is meant by a determinable future time. It says: "An instrument is payable at a determinable future time, within the meaning of this act, which is expressed to be payable (1) at a fixed period after date or sight; or (2) on or before a fixed or determinable future time specified therein; or (3) on or before a fixed period after the occurrence of a specified event, which is certain to happen, though the time

of happening be uncertain. An instrument payable upon a contingency is not negotiable, and the happening of the event does not cure the defect."

The primary purpose of the several States that have adopted the negotiable instruments act has been to establish a uniform rule of law governing such instruments and to embody in a codified form, as fully as possible, the previous law on the subject, to the end that the negotiable character of commercial paper might not be destroyed by local laws and conflicting decisions, and this object should be kept in mind in construing the various provisions of the act.

Before the adoption of the act, it was the general holding of the courts that an instrument to be negotiable must be certain as to time of payment and certain as to the amount to be paid, and we think there has been no intent to change this rule by the enactment of the negotiable instruments act and that it is still in force.

Under the rule that the time of payment, or, more accurately speaking, the fact of payment, must be certain, it has been the general holding that, if by its terms the instrument must necessarily become due at some future time, although the exact time is not then known, it is negotiable. (*Charlton vs. Reed*, 61 Iowa 166; *Chicago Ry. vs. Bank*, 136 U. S. 268; *Walker vs. Woollen*, 54 Ind. 164; *Cisne vs. Chidester*, 85 Ill. 524; *Wilson vs. Campbell*, 110 Mich. 580; *Bank vs. Buttery*, 17 N. D. 326; *Joseph vs. Catron*, 13 N. M. 202, 81 Pac. 439).

The notes in suit provided for an extension of time for one year on the condition herein named. The time at which they must eventually become due was therefore fixed and certain. The only uncertainty as to the time or fact of payment was whether they should be paid at a particular time in one year, or at the date named in the next year. If the crop of wheat fell below eight bushels per acre in the years named, the payee could not enforce payment until a year later, nor could the maker compel the payee to accept

his money sooner than that time. A note, payable on or before a fixed date, has generally been held to be negotiable, and is so declared to be by the negotiable instruments act. And we are quite confident that a note made payable at a fixed time, or at an earlier fixed time at the option of the maker, would be negotiable, because there could be no just distinction drawn between such a case and one where the instrument was to be paid on or before. And, in my judgment, the only difference between the supposed case and the case at bar is to be found in the fact that, in the former case, the maker would decide when the note was payable, while in the instant case it was to be determined by a physical fact which was certain to happen; a distinction which cannot be made unless it be said that a question might have arisen as to the fact whether the crop of wheat was more or less than eight bushels per acre. But, even then, no greater difficulty could arise than is often presented in determining whether a negotiable note is, or is not, due when suit is brought thereon.

* * * *

Section 3,060-a4 expressly says that a note that is payable at a determinable future time, or that is payable on or before a fixed period after the occurrence of a specified event, which is certain to happen, is negotiable. These provisions clearly provide for flexibility in fixing the time of payment, provided only that there shall certainly come a time when the note is, by its terms, due. In other words, they recognize the right of the parties to an instrument to contract for their mutual benefit, and say, in effect, that, if the contract made is certainly to be performed at some definite time in the future, its negotiability is not destroyed. A determinable future time, as used in the second clause of the section, can mean nothing else than a time that can be certainly determined after the execution of the note. The contingency which will render a note non-negotiable under the last clause of

the section clearly means an event which may or may not happen. A contingency is, in law, an uncertain future event, and, as a contingency may never happen, a note payable only upon the happening thereof may never become due. We think that the meaning of the language used, construed with the other provisions of the section and in the light of former rules. We reach the conclusion that the two notes in question were negotiable, and that the judgment must be reversed because the trial court did not so hold.

PROMISSORY NOTE

NOTICE—INTEREST IN ARREAR.

Supreme Court of Florida, February 6, 1912.

TAYLOR ET AL. VS. AMERICAN NATIONAL BANK OF PENSACOLA.

Where a note, payable two years after date, with interest payable quarterly, is transferred, the mere fact that interest is in arrear and unpaid, is not sufficient to charge the transferee with notice of the equities of the maker, but to have this effect it must be shown, at least, that the transferee knew of this fact.

The fact that the payments of interest are not indorsed upon the note is not sufficient to constitute such notice.

THIS was a bill in equity to foreclose a mortgage given to secure a note in the following form:

"\$2,250.00

PENSACOLA, FLA.,

December 8, 1908.

"Two years after date I promise to pay to the order of D. Hale Wilson twenty-two hundred and fifty (\$2,250) dollars for value received with interest at the rate of eight per cent. per annum from date until paid. Interest payable quarter-annually.

"Payable at the office of D. Hale Wilson & Co., Pensacola, Fla.

"All persons now or hereafter becoming parties hereto, hereby waive demand and protest, and notice of demand, non-payment and protest. After default in payment and this note shall have been placed in the hands of an attorney for collection, we (I) agree to pay attorney's fee of five per cent. if paid before suit, and ten per cent. if paid after suit, and all costs of collection.

"E. R. CARO."

Indorsed:

"D. Hale Wilson."

SHACKLEFORD, J. (Omitting part of the opinion): It is not alleged in the bill that, at the time of the purchase of the note and mortgage by the appellee, it knew that there had been a default in the payment of interest but the contrary is alleged. Upon this point, see *First National Bank of Waverly vs. Forsyth*, 67 Minn. 257. We would also refer, with approval, to *National Bank of North America vs. Kirby*, 108 Mass. 497, text 500, from which we take the following excerpt:

"This note was due at the end of 48 months, and the interest was made payable annually. It was taken by the plaintiffs before maturity; but, upon it appearing that no interest had been paid for two years or more, the court was asked to rule that this alone amounted to a dishonor, and would subject the note to all defenses. It is to be noticed that the fact relied on is only that the interest had not been paid, not that any knowledge of it was ever brought home to the plaintiffs beyond the fact that no payments were indorsed. The court declined to rule as requested, and we are of opinion that the mere fact that there appears to be no indorsement of one or more installments of interest will not justify the ruling asked for.

"If, as it is argued, it be true that the failure to pay interest ever as matter of law amounts to a dishonor of a note, it can only affect one who has knowledge of the fact. Payment of interest is not always indorsed, and other evidence is often relied on to prove it. Want of indorsement does not apprise the party, to whom such note is transferred, that there has been no payment; and when the note is only taken as collateral, and accuracy is not required in ascertaining the amount due for interest, the fact that overdue interest is not indorsed might have slight influence in putting the purchaser upon his inquiry."

It follows, from what we have said, that we have reached the conclusion that, upon the allegations in the bill in the instant case, which are admitted to

be true by the demurrer, the appellee must be held to be a holder in due course of the promissory note under the provisions of section 2,985 of the General Statutes of 1906, which we have copied above. In other words, we are of the opinion that the allegations of the bill show that, at the time such note was negotiated to the appellee, it "had no notice of any infirmity in the instrument or defect in the title of the person negotiating it" and "that he became the holder of it before it was overdue." We are strengthened in this conclusion by the provisions of section 2,989 of the General Statutes of 1906, which section is as follows:

"2,989. Infirmity in instrument—To constitute notice of an infirmity in the instrument or defect in the title of the person negotiating the same, the person to whom it is negotiated must have had actual knowledge of the infirmity or defect, or knowledge of such facts that his action in taking the instrument amounted to bad faith."

We are clear that the allegations in the bill fail to show any "bad faith" in the action of the appellee in taking the note and mortgage. As is well said by Mr. Crawford, in his Annotated Negotiable Instrument Law (2d. Ed.) p. 54, discussing this section of such law: "The holder is not bound at his peril to be on the alert for circumstances which might possibly excite the suspicion of wary vigilance; he does not owe to the party who puts the paper afloat the duty of active inquiry in order to avert the imputation of bad faith. The rights of the holder are to be determined by the simple test of honesty and good faith, and not by a speculative issue as to his diligence or negligence. The holder's rights cannot be defeated without proof of actual notice of the defect in title or bad faith on his part evidenced by circumstances. Though he may have been negligent in taking the paper, and omitted precautions which a prudent man would have taken, nevertheless, unless he acted mala fide, his title, ac-

cording to settled doctrine, will prevail." See the numerous authorities there collected. This language by Mr. Crawford was also quoted with approval by Mr. Chief Justice Rudkin, in *Gray vs. Boyle*, 55 Wash. 580, 104 Pac. 829, 133 Am. St. Rep. 1,042. Also, see Judge Freeman's note thereto and the authorities which he cites. From the many cases upon this point which we have examined, we select the following: *Mass. National Bank vs. Snow*, 187 Mass. 159; *Detroit National Bank vs. Union Trust Company*, 145 Mich. 656; *Winter vs. Nobs*, 19 Idaho 18; *Union National Bank of Kansas City vs. Neill*, 149 Fed. 711; *First State Bank of Pleasant Dale vs. Borchers*, 83 Neb. 530; *Smith vs. Livingston*, 111 Mass. 342; *Spencer vs. Alki Point Transp. Company*, 53 Wash. 77.

SPECIAL DEPOSIT

WHAT CONSTITUTES—EFFECT OF.

Supreme Judicial Court of Maine, April, 1912.

FOGG VS. TYLER.

Bank deposits are either general or special, being "special" where the bank merely assumes custody of the funds, without authority to use them, and where the depositor is entitled to a return of the identical money, in which case the relation is that of bailor and bailee, and not creditor and debtor.

A contract for a special deposit in a bank need not be in any particular form; it being governed, like all other contracts, by mutual intention and understanding of the parties.

THIS was a petition filed by George W. Maxfield in the matter of the receivership of Tyler, Fogg & Company, asking the court to issue an order directing the receiver of that firm to restore to him a package of money containing \$500 in bills, which the petitioner deposited with the cashier of the firm for safe-keeping April 22, 1911.

WHITEHOUSE, C. J. (Omitting part of the opinion): It is well-recognized and familiar law that "deposits made with bankers are either general or spe-

cial. In the case of a special deposit, the bank merely assumes the charge or custody of property, without authority to use it; and the depositor is entitled to receive back the identical money or thing deposited. In such case, the right of property remains in the depositor, and, if the deposit is of money, the bank may not mingle it with its own funds. The relation created is that of bailor and bailee, and not that of creditor and debtor." (Alston vs. State, 92 Ala. 124; McLain vs. Wallace, 103 Ind. 562; Pattison vs. Syracuse Nat. Bank, 80 N. Y. 82-90).

In Mut. Acc. Ass'n vs. Jacobs, 141 Ill. 261, the court said:

"As we understand the question, there is a wide difference between a special and a general deposit, as these terms are understood, not only by bankers, but by the public who are transacting business daily with the banks. Where money of any description is deposited in a bank, and the identical gold, silver or bank bills which were deposited are to be returned to the depositor, and not the equivalent, the deposit will be special.
* * *

"Where a package of bills or currency is received in the bank as a special deposit, the identical money to be returned, the bank has no authority to use the money in its business."

So, in National Bank vs. Peck, 127 Mass. 298, the court said:

"Money deposited in a bank does not remain the property of the depositor, upon which the bank has a lien only; but it becomes the absolute property of the bank. The bank being the absolute owner of the money deposited and being a mere debtor to the depositor for his balance of account, holds no property in which the depositor has any title or right." (See, also, Grisom vs. Bank, 87 Tenn. 350; School Dist. vs. First Nat. Bank, 102 Mass. 174; Clark vs. Northampton Nat. Bank, 160 Mass. 26).

In Boettcher vs. Colorado National Bank, 15 Colo. 16, the court thus speaks of a special deposit: "A deposit

is not general, but a trust fund, when there is an expressed agreement to that effect, or there are circumstances which give to the transaction the nature of a special deposit."

When these well-settled rules of law, which are well understood by men of affairs and constantly observed in the practical management of banking business, are applied to the facts and circumstances, above stated, in the case at bar, it is the opinion of the court that the plaintiff's contention must be sustained, and that his delivery of the package of \$500 in bills to the cashier of Tyler, Fogg & Company must be deemed a special deposit, which created the relation of bailor and bailee between the parties, and not a general deposit, which created the relation of debtor and creditor between them. It became a special trust fund, to be held by the bank for the petitioner, and restored to him on demand a few days later. It did not become a part of the general funds of the bank, to be used in the conduct of its business.

The law prescribes no particular formula for the contract involved in making a special deposit. Like all true contracts, it grows out of the mutual intention and understanding of the parties; and the sources of evidence and means of proof are no more difficult or complex than in most other inquiries constantly arising in the courts. The purpose and terms of the deposit may be explicitly stated, or the intention of the parties may be inferred from their declarations, considered in connection with their conduct and all of the circumstances.

In this case, the declarations of the petitioner at the time of the delivery of the money to the cashier unmistakably show that he understood the deposit to be a special one; and that the identical money was to be returned to him on demand. The receipt written by the cashier himself, stating expressly that the money was received "for safe-keeping," is of the highest significance in its tendency to prove that the cashier had the same understanding of it. The term "safe-keeping" aptly ex-

pressed the duty imposed upon the cashier as bailee of a special deposit, but was wholly inappropriate and superfluous as applied to a general deposit, which was to be mingled with other funds and become a part of the property of the bank.

The evidence cannot be consistently reconciled with the proposition that the money was left as a general deposit, but fully warrants the conclusion that the package was received "for safe-keeping," to be held in trust as the property of the petitioner.

NATIONAL BANK

MORTGAGE ON CATTLE—REALIZING ON SECURITY.

Court of Appeals of Texas, March 28, 1912.

DUPREE ET AL VS. FIRST NATIONAL BANK OF MERKEL.

Where a national bank holds a mortgage upon cattle which are worth less than the debt it may obtain title to the cattle from the mortgagor and sell them for its own account.

ONE Oscar Wilson was heavily indebted to the First National Bank of Merkel, and this indebtedness was secured by a chattel mortgage upon cattle owned by him. The indebtedness being greater than the value of the security, the bank desiring to reduce the security to money, entered into a contract with Edward and George Dupree by the terms of which the bank sold to the Duprees all cattle of certain brands located on the Logan Ranch, in Sterling County, Texas. The Duprees having sued for a breach of this contract, the bank pleaded, among other defenses, that the contract was in excess of its power.

HIGGINS, J. (Omitting part of the opinion):

As to the contention that the contract with the Duprees for sale and delivery of the cattle was unenforceable because the bank had not the power under its charter to execute and to make the same, it may be remarked that state and national banking cor-

porations are vested with ample power to make such contracts relating to property lawfully held by them as security as may be necessary to enable the corporation to reduce the security to money, and, in furtherance of this purpose, they necessarily have the authority to deal freely with the security and make such contracts with reference to its disposal as in the judgment of its officers may be deemed necessary or expedient and which will enable the corporation to dispose of the security to the best possible advantage.

In the instant case it appears that the Wilson debt to the bank was much greater than the value of the cattle upon which they were claiming a mortgage lien to secure its payment. Under such circumstances, the bank not only had the right, but it was its duty, to reduce its security to money, and to obtain the highest price thereof obtainable. The bank's debt being far in excess of the value of the cattle upon which they had a lien, they could safely and lawfully, if it saw fit to do so, contract to obtain from Wilson the title to the cattle and to resell the same to the Duprees, and, if Wilson did not voluntarily surrender the cattle, it was their duty to institute foreclosure proceedings and buy the same in at the execution sale, applying their bid upon their debt. We think the contract one which the bank might lawfully make for the purpose of obtaining from its security the greatest amount possible to be applied upon the indebtedness which it held against Wilson.

ACCEPTANCE

LETTER ACCOMPANYING DRAFT— TERMS OF.

Springfield Court of Appeals, Missouri,
November 6, 1911.

LENHARD VS. SIDWAY.

Where the drawee of a draft, to whom the same is sent by a bank for acceptance, returns the same with a letter, in which he expressly states that the acceptance is upon certain conditions, those conditions become a part of his contract.

THIS was an action upon an accepted draft drawn by J. H. McQuarry upon the defendant to the order of the First National Bank of Monell, Ill. The draft having been forwarded by the bank to the payee for acceptance, he placed his acceptance thereon; but in his letter of transmittal expressly stated that the acceptance was for the accommodation of the bank.

Cox, J. (Omitting part of the opinion):

It has long been the law that an acceptance of a draft may be upon a separate paper and the acceptor may impose any conditions which he may choose. (7 Cyc. 765; Ford vs. Anglenrodt, 37 Mo. 50).

This is also recognized by our negotiable instrument law. Statutes, 1909, pp. 10,102-10,104. Since the acceptance need not be on the instrument itself, it logically follows that a letter accompanying the draft may be used to qualify or limit an acceptance indorsed on the draft, in the absence of any question as to an innocent holder, and that question does not arise in this case. We are clearly of the opinion that the letters referred to are to be regarded as a part of defendant's contract, the same as if the provisions and limitations stated therein had been indorsed on the draft itself. When we consider the letter in connection with the indorsement on the draft, what does it all mean? Was there in fact an

acceptance at all? "Acceptance" is defined under our statute as follows: "The acceptance of a bill is the signification by the drawee of his assent to the order of the drawer. The acceptance must be in writing and signed by the drawee. It must not express that the drawer will perform his promise by any other means than the payment of money." (Stat. 1909, p. 10,102).

The polar star to guide the court in the construction of all contracts is the intent of the party or parties executing them, and, while this intent must be gleaned from the contract itself, if unambiguous, yet in searching for the true interpretation the contract must be considered as a whole. (Meyer vs. Christopher, 176 Mo. 580, 594; Donovan vs. Boock, 217 Mo. 70, 87).

Applying this test to the acceptance in this case, and taking the formal acceptance and the letters together, there can be no question that the intention of defendant was only to accept the draft for the accommodation of the bank, and this without any intention to be bound to pay anything thereon, for the letters expressly so state. The bank having received the draft with the conditions named in the letters, is bound thereby, and since it was the party to be accommodated by the acceptance of defendant, and being also the payee in the draft, there was in fact no acceptance at all, and hence no liability upon the part of defendant to the bank, and, as plaintiff took with full knowledge of all the facts, no liability to him.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

BANK STOCK—LIABILITY OF MARRIED WOMAN AS HOLDER

NEWARK, N. J., August 29, 1912.

Editor Bankers Magazine:

SIR: A is the owner of stock in a small national bank. If he should transfer that stock to his wife, would she become liable to an assessment thereon, if the bank should fail? I know that she would be liable under the laws of some States, but would this be so under the laws of New Jersey?

JERSEYMAN.

Answer: It is clear that under the laws of New Jersey a married woman may become the owner of stock in a national bank. And it has been settled by the Supreme Court of the United States that if a married woman is by the State law capable of holding stock in a national bank in her own right, she is liable thereon under section 5, 151 Rev. Stat. U. S., though the law of the State does not authorize mar-

ried women to bind themselves by contract, for the law annexes her liability of its own force, and no capacity to act on her part is required. (*Christopher vs. Norwell*, 201 U. S. 216).

BANK STOCK — TAKING AS PLEDGE—LIABILITY

BOSTON, MASS., August 27, 1912.

Editor Bankers Magazine:

SIR: A lends B ten thousand dollars and takes as collateral one hundred shares of stock in a national bank located in one of the Western States. If now A should have the stock transferred into his own name, would he become liable in case of the failure of the bank? Is there any way in which he could have the stock transferred to himself without incurring such a liability?

LENDER.

Answer: If A were to have the stock transferred into his own name on the books of the bank without anything appearing to show that he held the stock as collateral, he would be clearly liable as a stockholder in case of the insolvency of the bank. (*Nat. Bank vs. Case*, 99 U. S. 628). But he can avoid such liability by having the transfer made to himself "as pledgee." (*Pauly vs. State Loan and Trust Company*, 165 U. S. 606). In the case last cited, the Supreme Court of the United States said: "It is true that one who does not in fact invest his moneys in such shares, but who, although receiving them simply as collateral security, for debts or obligations, holds himself on the books of the association as true owner, may be treated as the owner, and, therefore, liable to assessments, when the association becomes insolvent and goes into the hands of a receiver. But this is upon the ground that by allowing his name to appear upon the stock list as owner he represents that he is such owner; and he will not be permitted, after the bank fails, and when an assessment is made, to assume any other position as against creditors. If, as between creditors and the person assessed, the latter is not bound by that representation, the list of shareholders required to be kept for the inspection

of creditors and others would lose most of its value. But this rule can have no just application, when, as in this case, the creditors were informed, by that list, that the party to whom the certificates were issued, was not in fact, and did not assume to be, the owner of the shares represented by them, but was and assumed to be only a pledgee having no general property in the thing pledged, but only the right, upon default, to sell in satisfaction of the pledgor's obligation. Upon inspecting the stock registry, or, any list of shareholders or of transfers kept by the bank, creditors will know that they cannot regard a pledgee as the actual owner."

NOTE—PRESENTMENT TO BANK —TIME OF

NEW YORK, August 28, 1912.

Editor Bankers Magazine:

SIR: A note is made payable at the A bank in this city. The holder presents it for payment after banking hours, but before the bank is closed. The maker of the note did not have any funds in the bank and was not a depositor. Was the presentment made in due time? A. B. C.

Answer: The Negotiable Instruments Law provides: "Where the instrument is payable at a bank, presentment for payment must be made during banking hours, unless the person to make payment has no funds there to meet it at any time during the day, in which case presentment at any hour before the bank is closed on that day is sufficient." (Sec. 135, N. Y. Act). The presentment in the case mentioned was therefore made in time.

PRACTICAL BANKING CONTRI- BUTIONS WANTED

HELPFUL articles relating to the everyday work of banks savings banks and trust companies are desired for publication in *THE BANKERS MAGAZINE*.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

A TRIPLICATE COLLECTION SYSTEM

By C. J. Larash

IN this short article I shall endeavor to make clear the details of a bank collection system, which, it is believed, will appeal to all searchers after direct, efficient and economic bank methods.

In no place more than in a bank should the guiding thought in the construction of a system be directness and

tracing resulting from scant details and errors on advices, drawn from original records. This is a feature that spells good service, and good service is one of the essentials.

4th.—A returned item letter that really will do; it identifies the owner of the paper absolutely, reducing to a

Name of Bank.
Find Enclosed for Collection & Advice.

Endorsed				Name		Where Payable.	
Sight	Date	Bill Reading	Policy	Express	On Town Cent		
As. "	No	W.H. Receipt	Stock	Reg'd Mail			
Demand	Time	Bond			Payer		
Appt. Ref.	Due						
(X) No Protest - Items 10.00 & under No Protest					Description of Documents Attached :		
Wire Non Payment Items 500.00 & over							
Documents on Payment only							

To

FORM 1

simplicity; a prescribed order and a strict adherence to it. Redoing and rehandling should be avoided where possible, for they but multiply the cost, labor and time, as well as the possibility of error.

The method that follows is a triplicate carbon system that creates at one writing, and with the least writing possible, the following:

1st.—The outgoing letter accompanying the item; this letter also serves admirably, with a great many country banks, as a return advice of payment, or as their remittance letter.

2nd.—A debit and credit slip for the department cases, while item is outstanding, and subsequently debit and credit tickets for the ledgers, and finally serving as debit and credit slips for permanent filing.

3rd.—The best possible advice of payment, because of the fact that you give all original detail, obviating the

minimum the errors resulting from illegible and overstamped endorsements.

THE FORMS.

The forms, in three colors, or white and two colors, are printed and well perforated, in pads of from three to five, for such arrangement reduces the labor of changing carbons, admits of shifting the same, insuring longer life and better copies.

These forms are self-explanatory; there is provision made for most every kind of item and condition, and the object in using a form with all this printed detail is to minimize the labor in writing up the items, by using a tick, thus (✓) so that if it is a sight draft, we simply tick "sight" in the column on the right; if stock attached, tick "stock," and give description in space provided in lower right-hand corner, and again tick "Reg'd. Mail" if so forwarded. If the item is "On Town

Name of Bank.
Collection Department.

Credit.

<i>Note</i>					<i>Where Payable</i>		<i>No.</i>	
<i>Sight</i>	<i>Date</i>	<i>Bill Lading</i>	<i>W.H. Receipt</i>	<i>Policy</i>	<i>Stock</i>	<i>Express</i>	<i>Regd. Mail</i>	
<i>De -</i>	<i>No.</i>							
<i>Demand</i>	<i>Time</i>							
<i>Acct. No. Ref.</i>	<i>Due</i>	<i>Bond</i>						
					<i>On Town Sent</i>			
					<i>Payer</i>			

To

FORM 2

Sent," tick to right of it; if not, write name of town in space provided. A simpler form with much of the detail omitted, can be used for the large number of "dunning" drafts.

Form 1 accompanies the item.

Forms 2 and 3 are filed in indexed drawer or case, until item is reported paid or returned. If paid, both slips go to the ledgers, form 2 for credit

on the debit slip, you can readily turn to the credit file for fuller detail.

You will recognize, of course, that should the ledgers not object to sorting the slips twice, both debit and credit entries can be made from form 2.

Now, finally, if the item is returned unpaid, form 2 is so stamped and the upper half of form 3, with "credited" crossed, becomes the letter to be re-

Name of Bank.
Collection Department.

Credited.

Returned
(Reason endorsed)

<i>Note</i>					<i>Where Payable</i>		<i>No.</i>	
<i>Sight</i>	<i>Date</i>	<i>Bill Lading</i>	<i>W.H. Receipt</i>	<i>Policy</i>	<i>Stock</i>	<i>Express</i>	<i>Regd. Mail</i>	
<i>De 's</i>	<i>No.</i>							
<i>Demand</i>	<i>Time</i>							
<i>Acct. No. Ref.</i>	<i>Due</i>	<i>Bond</i>						
					<i>On Town Sent</i>			
					<i>Payer</i>			

Charge.

Am't.

FORM 3

entry, form 3 for debit. Now, after debit entries have been made, form 3 is torn off at the perforation, the word "returned" crossed off the upper half, and sent forward, with all the original detail, to the depositor advising credit. The lower half of form 3 with form 2 now answer for debit and credit file respectively for permanent bank records.

With the amount, date and number

turned with the item to its owner. So that by one simple operation, one single writing up of the item, you here create original work for every need from the time the item enters the bank until finally disposed of, a week or a month hence.

Inquiry regarding any point not made clear, or minor detail not touched upon, will be cheerfully answered in these columns.

INVESTMENTS

Conducted by Franklin Escher

TELEPHONE, A LEADER AMONG INVESTMENTS

By Franklin Escher

A MAN walked into one of the big investment houses not long ago to arrange about investing some money. One of the junior partners took him in charge and made out a list of securities from which to choose. The prospective investor, glancing over the list, remarked that everything except the high-class railroad shares might as well be cut out from the start. "The stocks I buy," he stated, "have got to have a ready market, have got to be stable in price, and have got to yield a fair rate of interest."

The investment man nodded approvingly. "You're right," he replied, "that cuts 'em all out except the high-grade rails—and American Telephone & Telegraph. We'll leave that in, of course. You could ransack the market from end to end without finding a security which embodies the three qualities you have mentioned to as great a degree."

Five years ago the investment man might have talked that way to his client or he might not. For a good deal longer than five years Telephone has been a security stable in price, readily marketable, and yielding a good income. But it is only during the past few years—since the panic—that the public has come to realize the fact. While, as a result of the 1907 upheaval, railroad and industrial profits were cut in half and dividends were reduced right and left, earnings of the telephone company continued steadily on the increase. While the strongest corporations in the country found themselves absolutely "up against it" in the matter of raising new capital, and had to resort to the issue of short-term notes and other forms of makeshift financing, American Telephone was getting the new money it needed, with the greatest ease. No wonder that in the eyes of

the investing public Telephone has made good its challenge for investment leadership.

STABILITY OF EARNINGS.

Stability of earnings—that is the first thing the enlightened investor looks for in any given security. Big profits this year and none the next—that is all very well in the case of securities bought for speculative purposes, but where it is a question of the safe investment of money for income it is different. It is not there a case of, what did this company earn last year or the year before? It is a case of what have been its earnings over a series of years; through times when business was good and times when business was bad.

A comparison of the growth of the business of the Bell Telephone Companies with other standard industries shows most strikingly its extremely rapid rate of growth. While the annual volume of business of the Bell Companies has increased 439 per cent. in thirteen years, an average of 34 per cent. a year, general business as indicated by bank clearings has increased but 129 per cent., pig iron production but 180 per cent., railroad earnings but 143 per cent. and crop values but 138 per cent.

While but a few of the railroads have been able during the past couple of years to equal the net earnings shown in 1906-1907, net earnings of the Bell Telephone System have run steadily ahead. In 1907 they were \$42,066,000; in 1908, \$45,974,000; in 1909, \$48,367,000; in 1910, \$50,994,000; in 1911, \$51,587,000. Here, in other words, was a substantial increase *during every year* of a five year period when most of the big corporations were quite content to mark time and hold their own.

To Increase Principal and Income

No form of Investment has proven more uniformly Safe and Profitable than the Shares of Gas and Electric Companies. The growth of the lighting business has been and is remarkable, the demand for Service is Constant and varies only to Increase

The Stocks of the older Companies sell, in many cases, as high or higher than the best Railroad Stocks and are more closely held.

We offer a small block of Participating 5 per cent. Preferred Stock of a large Gas and Electric Company. This Stock has paid regular dividends at the rate of 5 per cent. per annum since July 1, 1907, shows earnings now amounting to more than Three Times the Dividend Requirements and is entitled to share equally with the Common Stock after the Common has received its 5 per cent. dividend.

We Recommend These Shares, as in our opinion a Safe Investment in which there is an unusual opportunity for Increase of Principal and Income.

SPECIAL CIRCULAR ON REQUEST.

A. H. BICKMORE & CO., Bankers

30 Pine Street, New York

What is the inevitable deduction? Simply that the business of the Telephone Company is more stable in character than most other lines of business. Times of depression don't do it any good but neither do they do it any particular harm. Whether business is active or quiet, whether times are good or bad, people use the telephone and on an increasingly large scale. Every day there are more Bell telephones in use, and every day more people use them and *use them more*. Consider to how much greater an extent, both in your business and your social life, you use the telephone than you used it only a very few years ago. Then consider that what is true in your case is true in millions of others. It isn't necessary to go any further to see how it is that the only direction in which the earnings of the telephone company move is upward.

Another important reason for this stability of earnings is the universality of the service. American Telephone & Telegraph operates in every part of the country. With its thirteen million miles of wire and its seven million instruments, it touches the daily lives of at least one-third of the entire population of the country. So broad, indeed, is its field, that even severe local disturbances have but the slightest effect on the enterprise as a whole. Are conditions depressed in the manufacturing centers of the East?—very likely, out in the Southwest, business is booming.

Similarly the other way around. Scarcity indeed is it that trade the country over is depressed at the same time. The Bell Telephone system gets to 70,000 localities in the United States—5,000 more than there are postoffices and 10,000 more than there are railroad stations. That gives some idea of the universality of the service.

As the telephone industry has grown investors all over the country have not been neglectful of the opportunity of investing in its securities and so becoming partners in the enterprise. That the business is flourishing—increasing steadily in volume and sure to keep on increasing—any one can see with his own eyes. It isn't as with some railroad or industrial company in another part of the country of which you hear glowing reports but about the business of which you know actually nothing. You use the telephone more and more yourself and you know that your neighbors are using it more and more. Every year—every day, in fact—you find that you can reach people on the 'phone whom before you could not reach that way. The great growth of the system is going on before your very eyes.

75,000 PARTNERS.

The public has not been slow to appreciate it. You can hardly find a town or village in the country in which somebody isn't a partner in the telephone enterprise. There are 75,000



The American National Bank

SAN DIEGO, CAL.

Capital \$200,000.00
 Surplus and Undivided Profits 160,000.00
 Total Resources over 2,250,000.00

J. W. SEFTON, Jr., Pres.

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in the United States and the list is constantly growing.

To handle the tremendous increase in business which is taking place, fresh capital is constantly necessary. Since 1906 the number of telephones has more than doubled. That has naturally meant a very greatly increased outlay for instruments, wires, switchboards and exchange buildings.

To pay for these things the Telephone Company has needed money. It has gone to its partners and offered them the opportunity of increasing their share in the enterprise. Substan-

ago the company had a bonded debt of \$203,000,000 and a stock capitalization of \$156,000,000—a rather unhealthy ratio. Since then the bonded debt has gone down to \$98,000,000, and the amount of stock outstanding has increased to \$321,000,000—over three times as much. It has been a wonderful rearrangement. Nothing like it has ever been seen in the whole history of American finance.

The total outstanding capital stock and bonds of the American Telephone & Telegraph Company at Dec. 31, 1911, were as follows:

Capital Stock	\$318,427,500
4 Per Cent. Collateral Bonds	78,000,000
4 Per Cent. Convertible Bonds	20,459,000
Total	\$416,886,500

tial amounts of new securities have been offered and sold. More such offers will be made. Far from it being a sign of weakness that American Telephone has as greatly increased its capital during the past few years, it is a sign of strength. It is the concrete expression, indeed, of the growth of the business and the need for more capital to do this business on.

Most noteworthy is the fact that while most big corporations during the past few years have found it impossible to raise money except by the sale of bonds (and consequent increase in their fixed charges), American Telephone has had no trouble in selling stock and, indeed, greatly reducing its bonded capitalization. Only three years

For the \$318,427,500 capital stock, \$339,633,235 has been paid into the treasury of the company; the \$21,205,735 in excess of par value represents premiums. All discounts on the bond issues have been charged off. The outstanding capital obligations therefore represent over \$21,200,000 more than par value.

A SURPLUS THAT IS A SURPLUS.

In the matter of charging off amounts out of earnings for depreciation the Telephone Company has been most liberal. Last year, for example, \$28,655,832 was so charged, an amount nearly \$5,000,000 greater than the total paid out in dividends. In nine years \$342,300,000 has been taken out of

earnings for maintenance and reconstruction.

That means, in other words, that the plant is in good shape and that its "surplus" is a real surplus—not a bookkeeping entry which would disappear into thin air if ever put to the test of an honest valuation. When American Telephone and Telegraph reports at the end of the year that it has added so-and-so much to reserves and so-and-so much to surplus the report means what it says—that that amount has been added *after adequate allowances* for depreciation have been made. There is no "dead wood" in the \$56,000,000 surplus or in the figures given below:

Year.	Net Revenue.	Dividends Paid.	Added to Reserves.	Added to Surplus.
1900	\$ 5,486,058	\$ 4,078,601	\$ 937,258	\$ 470,198
1901	7,398,286	5,050,024	1,377,651	970,611
1902	7,835,272	6,584,404	522,247	728,622
1903	10,564,665	8,619,151	728,140	1,217,374
1904	11,275,702	9,799,117	586 149	890,435
1905	13,034,038	9,866,355	1,743,295	1,424,388
1906	12,970,937	10,195,233	1,773,737	1,001,967
1907	16,269,388	10,943,644	3,500,000	1,825,744
1908	18,121,707	12,459,156	3,000,000	2,662,551
1909	23,095,389	17,036,276	3,000,000	3,059,113
1910	26,855,893	20,776,822	3,000,000	3,079,071
1911	27,733,265	22,169,450	2,800,000	2,763,815

A REASONABLE RETURN.

The proportion of net revenue paid out in the form of dividends as shown in the above table is the visible expression of the company's openly expressed policy to pay a fair return on the capital invested but not to build up a great surplus available for the cutting of "melons" in the form of cash or stock dividends. Just what this policy is is best expressed in President Vail's own words:

Except where in the extension of business extraordinary risks are taken which entitle them to some extra profit in consideration of such risks, or the net returns have not been sufficient to make an adequate return, if any, on the capital, the American Telephone and Telegraph Company and associated utilities controlled by it are and will be satisfied with reasonable average re-

turns on their outstanding capital obligations, which compared with other business investments should be about eight per cent., and will not expect or encourage any expectation of more than this; and in those excepted instances above referred to, they will only ask for that reasonable return which any equitable commission or court would award them.

AN IMPORTANT PROPOSITION.

Telephone stock, in other words, is an investment proposition, to be bought and held for income—not a speculative proposition, likely to vary greatly in price. There is mighty little chance of

Telephone's dividend, for instance, being suddenly jumped to 10 per cent., or of an extra cash dividend being declared. The man who buys it with any such idea in his mind is liable to be disappointed. And if that happens, he has only himself to thank. Through its annual reports and in many other ways the company has taken every opportunity of explaining that its policy is one of paying a fair return on the investment and of putting the rest of its earnings back into the property for the betterment of the service offered.

By the Telephone Company, to put it a little differently, its position as a public service corporation is very fully realized. It is in business, of course, to earn dividends for those who hold its shares. But unlike a manufactory or an industrial combination, it is not purely a money-making concern. The amount

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it wants to pay or expects to pay in dividends is limited. Like a street-car line or a gas plant it is a servant of the public and carries on its operations under public franchise. Such rates charged the public as would allow the company to pay big dividends would be an imposition. The company realizes that fully. It doesn't want to charge high rates. It only wants to charge such rates as will allow it to pay a fair dividend and maintain its plant at the highest possible level of efficiency.

Eight per cent. is what the telephone company considers a fair dividend and eight per cent. is what it has been paying for years. From an investment standpoint, indeed, Telephone must be looked upon as a sure "eight-percent-er" a stock which will pay that amount through times good and bad. Whether the market price of the stock is high or low is, therefore, merely a matter of yield. It is a good deal as with a bond.

American Telephone & Telegraph's price fluctuations have been as follows:

N. Y. Stock Exchange Prices.

Year	H.	L.	Div.
July, '12,	146 $\frac{1}{8}$	144 $\frac{3}{8}$	2
June, '12,	146 $\frac{3}{8}$	144 $\frac{1}{2}$	..
May, '12,	146 $\frac{7}{8}$	144 $\frac{3}{4}$	..
April, '12,	147 $\frac{1}{2}$	144 $\frac{7}{8}$	2
March, '12,	149 $\frac{1}{8}$	144 $\frac{7}{8}$	..
Feb., '12,	144 $\frac{3}{4}$	139 $\frac{1}{8}$	..
Jan., '12,	142 $\frac{1}{8}$	137 $\frac{5}{8}$	2
Dec., '11,	140 $\frac{5}{8}$	137 $\frac{3}{8}$	..
1911	153 $\frac{1}{8}$	131 $\frac{1}{2}$	8
1910	143 $\frac{3}{8}$	126 $\frac{3}{4}$	8
1909	145 $\frac{1}{8}$	125	8
1908	132 $\frac{5}{8}$	101	8
1907	133	88	8
1906	144 $\frac{5}{8}$	130	7 $\frac{3}{4}$
1905	148 $\frac{1}{2}$	131	7 $\frac{1}{2}$
1904	149 $\frac{1}{2}$	121	7 $\frac{1}{2}$
1901-3	186	117 $\frac{1}{4}$	7 $\frac{1}{2}$

At 140 an eight per cent. stock yields 5.71 per cent.; at 150, 5.33 per cent.; at 160, five per cent.

POLITICS AND BUSINESS

By Elmer H. Youngman

"Crops will continue to grow, business will proceed, and the Constitution will endure whether the next President shall answer to the name of Theodore, Woodrow or William."

THE present summer seems to have marked the high tide of hysteria in American politics. One would at least have to go as far back as the ante-bellum days to find anything paralleling the exciting scenes at Chicago and Baltimore. Were it possible to discuss these lively political manifestations with insight and without bias, the result ought to be instructive. But the task is by no means easy. We are yet too near these stirring scenes to view

them in the proper perspective. And no matter what efforts are made to be impartial, some innate prejudices will crop out. The superior individual who could from some lofty intellectual pinnacle view unmoved the strife between the contending factions, would be an iceberg incapable of dealing with human problems sympathetically.

He is a shallow observer of present-day conditions who fails to realize that mankind are making a fierce struggle

to move forward, politically, socially and industrially. This tendency causes people to lend a willing ear to the preacher of "social justice" and "industrial democracy." But at the doctrines proclaimed, and at the entire programme of the so-called progressive movement, those who consider themselves conservatives stand aghast. They fear for the Constitution, they even despair of the republic.

We are moved to express the conviction that the Constitution will prove sufficiently flexible to adapt itself to changing conditions, and that its spirit will endure though the letter may be changed. And we refuse to despair of the republic. Were this a Fourth of July oration, we might point out why, in considerable detail. It is quite enough to give one reason—the world has never before in its history seen so many free, prosperous and happy people gathered together in one nation working resolutely and effectively for economic welfare and moral uplift. And doubtless the country will continue to go forward at about the usual rate whichever of the three ambitious gentlemen now contending for the Presidential prize shall be successful at the polls in November.

The bitter conflict between Taft and Roosevelt undoubtedly makes for the advantage of Governor Wilson, the Democratic candidate. Conceivably, of course, Roosevelt might draw a large progressive vote from the Democrats and thus either be elected himself or give the election to Taft. But it does not look that way on the surface of things at present. Wilson seems to be sure of holding the progressive element of his own party and of making some gains from the same element in the Republican party. On the other hand, it seems certain that Roosevelt will draw a heavy support from some of the States usually Republican, probably enough to put them in the doubtful column or even to turn them to Wilson.

But political prognostications are exceedingly hazardous. The issues of the campaign are hardly shaped. Who

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can tell how Governor Wilson may "wear" as a candidate? His nomination has been well received; but will his strength wax or wane with increase of days? That is a question which time alone can answer. And who can tell how successful will be the appeal of Colonel Roosevelt? Will his campaign be regarded merely as a further effort toward personal aggrandizement, or will it turn out to embody mighty moral issues that will set the country ablaze with enthusiasm for him and his cause? Or, on the other hand, will the quiet, thoughtful voters who talk little and shout less conclude that wise and safe progress will best be assured by giving President Taft another four years' lease of power?

Although the political conventions of this year have been marked by almost unprecedented excitement, it is remarkable how little the business of the country appears to be affected by all this noise and fury. A close analysis of the platforms adopted at Baltimore and Chicago tends to emphasize the resemblances rather than the differences existing between the two great parties. The contest therefore becomes one between men rather than between opposing principles. An examination of the personal predilections of the candidates is thus of considerable interest.

President Taft's attitude on public questions is sufficiently indicated by his acts during the term of his administration now drawing to a close. He has made an honest attempt to enforce the anti-trust laws, has favored a tariff commission, negotiated a reciprocity treaty with Canada, and negotiated arbitration treaties with Great Britain and France. Grave differences of opinions exist as to the wisdom of the

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Government's policy toward the big business combinations. But President Taft is not responsible for that policy. He does not make the laws, but it is his business to enforce them. In the present temper of the public mind, we do not see how he could have refused, consistently with his oath of office, to proceed legally against the trusts. The reciprocity treaty with Canada failed because that country rejected it. Probably this rejection was helped by some injudicious utterances of Mr. Clark, Speaker of the House of Representatives, and by the President himself. Nevertheless, the responsibility for the failure of the treaty lies wholly with the Canadian Government. The arbitration treaties failed because the Senate refused to ratify them. The Tariff Commission—an obviously sensible method of dealing with that vexed question, which threatens every four years seriously to disturb the country's business calculations—has not yet been in operation a sufficient length of time to demonstrate its efficiency.

Time will probably show the wisdom of the President's course in regard to these great measures, and impartial history will uphold the part he took in formulating them.

Mr. Taft is, of course, well equipped by temper and training for the discharge of the duties of the Presidential office. He has rendered his country distinguished and honorable service, the memory of which will return when the passions of the present hour shall have passed away and men can see more clearly than they now do.

The President has shown wisdom, patience—but not always tact—in the conduct of his great office. He has, with a single exception, borne himself with a dignity worthy of his exalted station. The exception was when he chose to enter the lists with Theodore Roosevelt in contending before the people for their support for the Presidency. He doubtless believed that the occasion demanded such action—an opinion in which many of the President's most sincere friends have never shared.

But there is one severe criticism which has been aimed at the President. And it is in substance this: a time came when it was his to choose between service to the people and subserviency to the bosses who make politics a trade, and it is declared that he chose the latter. Of course, this is vigorously denied by Mr. Taft, and he has time and again challenged his critics to point out some specific act of his tending to confirm the criticism. The President has, like all his predecessors, accepted the assistance of the great leaders of his party (a "leader" is a man on our side; a "boss," one on the other side); but this doesn't mean that he has placed either his judgment or his conscience in their keeping.

Should Mr. Taft be re-elected, it is probable that his course toward public questions would not differ substantially from that he has pursued heretofore.

Governor Woodrow Wilson, the Democratic candidate, has had, we believe, no political experience outside the term he is now serving as Governor of

New Jersey. In active political life he is at a disadvantage, compared with either Mr. Taft or Colonel Roosevelt. He has made a good Governor, but whether he will show a broad grasp of national questions cannot yet be determined. A recognized "progressive," he appears to be wise and cautious. He is, of course, a man of fine education and of lofty purpose and character. Governor Wilson's utterances and acts do not seem to be such as need occasion any apprehension to legitimate business, should he be elected President.

While unwise radicalism will probably form no part of Mr. Wilson's programme, there may be danger in the election of a new Congress with radical tendencies. The Baltimore convention was controlled by Mr. Bryan, who dictated its candidate and wrote its platform. Mr. Bryan is admired by many for his political honesty and his zeal as a reformer. But even those who most profoundly admire him for these qualities do not trust him on matters of governmental policy towards business. A Congress which he controlled might adopt a radical policy that would disturb the business of the country.

Strangely enough, Colonel Roosevelt,

generally regarded as the most radical of the "progressives," appears to be making a strong bid for the conservative vote of the country. He is not to depend for his success solely upon ex-coriation of the "bosses" who "stole" the nomination from him, but is going in for a long economic programme and a less drastic attitude toward "big business" than has characterized Mr. Taft's administration. He unquestionably represents a large element in the Republican party dissatisfied with the present tendency of things in that organization. But at the time this is written it is impossible to say what will be the effect of his candidacy. Should he be elected, his course would probably be not vastly different from the period of his former incumbency of the Presidency.

Summing up this analysis of the personal characteristics of the leading candidates for the Presidency, it does not seem that there is much solid ground for business apprehension, whoever may be elected. Crops will continue to grow, business will proceed and the Constitution will endure whether the next President, shall answer to the name of William, Theodore or Woodrow.

DEMOCRACY IN INVESTMENT

By S. W. Straus

THE chief characteristic of twentieth century finance, whereby it differs radically from finance of centuries past, lies in the fact that the financial basis to-day is democratic. This may seem like a strange statement in an age of great combinations of capital and great centralizing of credit, yet it is nevertheless true.

The financial structure of to-day rests, to a far greater extent than ever before, on the shoulders of all the people. Banks may control credit, underwriting syndicates may market huge bond issues, funds may be furn-

ished by this or that international house for international enterprises, but the money furnished, after all, is the people's money. The money loaned is loaned by the people.

Were it not possible to take great loans and split them up into bonds and sell these bonds to the public as safe investments, the railroads would find themselves at their wits' end for the wherewithal to meet current bills, great corporations would be forced to retrench, and even nations would be embarrassed and distressed.

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holders of one of our greatest "trusts" was published, showing that more than 12,000 people were the owners of that corporation. Thousands more had advanced it funds for its operations by purchasing its bonds. The real owners and the real creditors of this giant of corporations are thousands of American citizens, and when any "smash the trusts" policy is advocated by any politician, it must be remembered that the real owners of the "trusts" are the people themselves, and for the greater part, people of moderate means and of no predatory ambitions whatever.

The time has gone by, long since gone by, when a few men could both own and control great commercial operations. The few may still control them, but they cannot hope to own them. Their ownership is diffused among thousands of Americans.

Likewise has the time gone by when any banker, or group of bankers, however powerful and wealthy, can furnish the capital necessary for the innumerable needs of the nation's commercial life—or of half a dozen large units of that commercial life.

We read in the newspapers that So-and-So, bankers, have loaned \$250,000,000 to the X. Y. Z. railroad, or \$100,000,000 to Japan. But at the same time, comes the announcement of the new bond issue of the X. Y. Z. railroad, or of the Imperial Japanese Government, offered to investors and recommended by the banking firm.

Really, the banking firm does not make the loan. It purchases the bonds of the railroad or the Eastern power, and immediately sells them to investors at a price slightly higher than the price

it paid. If the bonds are offered at par, the bankers have purchased them at a small discount. If they are offered at a premium, the bankers may have paid par or more for them. In a short time, perhaps only a few days, the bonds have been all sold, are all absorbed by the investing public, the banking house of So-and-So has received back the money it paid out for the bonds, plus its percentage of profit, and it has its money on hand ready to loan again, to aid in the reorganization perhaps, of the P. D. Q. railroad, which has been in difficulties, or to finance the needs of a Central American republic.

THE PUBLIC MAKES THE LOANS.

If the banking house loaned its own funds, and did not sell the loan, it would tie up the entire amount of capital it had put into the bonds. It might receive a good return on the capital invested, but it could not loan that money again until the bonds matured. Two or three such loans, and it would be at the end of its resources, having used up all its available working capital, and would have to retire from the business of loaning money, until the loans matured and its capital was paid back.

But instead of keeping the loans as a permanent investment, it "turns them over," or "turns" them, as the financial phrase goes, sells them to the public, and immediately has capital on hand to make another loan. It will thus be seen that the banking house does not really make the loan. The loan is made by the public, made from the almost inexhaustible reservoirs of cash

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belonging, in the aggregate, to the people. One man contributes \$1,000, another \$10,000, and another \$100,000, according to his resources and his inclination.

A banking house thus is dependent on the people, just as the people, for their financial needs, are dependent on the banking house. The banker is useful to the railroad or the foreign nation desiring to borrow, because he is in touch with the source of all credit, the people. He is likewise useful to the people because he examines and investigates the loan before making it, and thoroughly safeguards it before offering it to the public.

But finance is more democratic now than ever before. A generation ago, only the wealthy owned bonds and investment knowledge was confined to the few. Now, the science of sound investment is generally cultivated. Its principles are becoming more and more generally understood. With the issu-

ance of bonds in \$500 and even \$100 denominations the small investor—a being unknown before the twentieth century—is purchasing sound securities as he lays up his savings and his profits. A carpenter in Seattle, a physician in Beaver Dam, Pa., a harness maker in Kalamazoo, Mich., and a school teacher in Cheyenne, Wyo., combine to aid in constructing a Chicago building by buying the first mortgage bonds secured by it. Investors in France and England help an American railroad buy freight cars by purchasing its equipment trust notes.

Indeed, the world of finance is at its basis a democracy. In reality, he who wishes to borrow money goes for his funds, not to the lender of money, but to the people. The people find safe and profitable employment for their money by lending it to finance great enterprises, making their loans through the recognized channels, the investment banks.

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Cayuga & Susquehanna (D.L.&W.)	205	215
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Illinois Cen. Leased Lines (Ill. Cen.)	92	96
Jackson, Lans. & Saginaw (M. C.)	80	86
Joliet & Chicago (Chic. & Al.)	150	165
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Babcock & Wilcox	109	112
Borden's Condensed Milk Com.	122 1/2	124
Borden's Condensed Milk Pfd.	108	110
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Del., Lack. & Western Coal	380	390
E. I. du Pont Powder Com.	198	203
E. I. du Pont Powder Pfd.	95	100
General Baking Co. Com.	30	35
General Baking Co. Pfd.	81	83
Gray National Telautograph	8	13
Hudson Companies Pfd.	50	55
Hudson & Manhattan Com.	15	18
Hudson & Manhattan Pfd.	25	27
International Nickel Com.	325	340
International Nickel Pfd.	106 1/2	108 1/2
International Silver Pfd.	133	...
Kings Co. E. L. & P.	130	134
Otis Elevator Com.	72	77
Otis Elevator Pfd.	101	104
Phelps, Dodge & Co.	218	223
Pope Mfg. Com.	37	40
Pope Mfg. Pfd.	73	76
Royal Baking Powder Com.	214	220
Royal Baking Powder Pfd.	108	109 1/2
Rubber Goods Mfg. Pfd.	104	110
Safety Car Heating & Lighting	117	119 1/2
Sen Sen Chiclet	118	123
Singer Manufacturing	289	292
Standard Coupler Com.	34	39
Texas & Pacific Coal	96	101
Thompson-Starrett Com.	160	180
Thompson-Starrett Com. (with ctf.)	175	209
Thompson-Starrett Pfd.	109	115
Union Typewriter Com.	39	42
Union Typewriter 1st Pfd.	109	112
Union Typewriter 2d Pfd.	105	108
U. S. Express	85	89
U. S. Motor Com.	1	1 1/2
U. S. Motor Pfd.	4 1/2	5 1/2
Virginian Railway	15	20
Wells Fargo Express	133	137
Western Pacific	7	8 1/2

ADVERTISING BROUGHT UP-TO-DATE

THE president of a Pittsburgh savings bank called in his advertising manager one morning and said:

"What this institution wants is some striking advertising material, something that has a thought in it, something that will catch the eye and command the mind. Fix me up an ad. that will make a hit when it is published in the morning papers."

Two hours later the advertising man

laid this on the bank president's table:

IF Elijah were living to-day there would be no ravens to feed him. That brand of raven has gone forever.

THE only bird that will feed you now is the eagle on the American dollar.

CATCH the eagles. SAVE the dollars. If you do, you and your family will never starve; you will have Elijah backed off the boards. — *Popular Magazine*.

THE AMERICAN ASSOCIATION OF COMMERCE AND TRADE IN BERLIN

THE American Association of Commerce and Trade was organized in the spring of 1903 by American citizens engaged in business in Berlin. It was called into being in response to a recognized growing need for an association which should represent the common interests of firms or individuals directly engaged in trade between the United States and Germany and which could provide for effective coöperation in advancing those interests.

In the main features of its organization and management, the association follows the lines of an American Chamber of Commerce. One of its chief tasks is that of giving assistance in the introduction of American goods into Germany and, on the other hand, of assisting German manufacturers to do business in the United States, by virtue of the excellent sources of information in both countries at its command. It stands ready to lend its support and influence in any direction that promises to lead to closer relations between the two nations. Much of its work necessarily consists of the examination of questions concerning the commercial and industrial interests of the two countries, where these have a practical bearing upon business enterprises, and the promotion of measures to facilitate or protect the transaction of business between them. Since its inception, the association has taken an active and not unimportant part in all trade questions arising between the two governments and has actively aided the various tariff and other commissions sent to Germany from Washington. Many instances could be cited in which its intervention has been of direct practical benefit in smoothing away difficulties hampering the trade opportunities of given industries.

In this work it has benefited from the consistent aid and encouragement of the governments and ministries of both countries. The considerate treatment which it has always enjoyed at the hands of the German government may be taken as a sign of the position which it now holds in the German business world. It is frequently appealed to by German Chambers of Commerce from all over the Empire and its opinions have acknowledged weight. On the other hand, the association is indebted to the officials of the State, Treasury and Commerce and Labor Departments at Washington for many indications of confidence and support. The American Embassy and the American Consular corps

have also shown themselves in thorough sympathy with the aims of the Association, working with it hand in hand for the promotion of American trade.

The growing importance of Berlin as a distributing center makes it logically the headquarters for many American firms wishing to establish and maintain close trade connections with Germany and central Europe. Within the past ten years the total trade of Germany has increased from 9,852 millions of marks, in 1901, to 16,627 millions of marks in 1910. The total trade of the empire with the United States has increased from 1,560 millions of marks to 1,867 millions of marks. Germany's exports to America now aggregate 605 millions of marks in value and America's exports to Germany amount to 1,262 millions of marks. The city of Berlin and the cities which are in close touch with it have kept pace with this astonishing industrial development of modern Germany. With a population of more than two millions in the city of Berlin proper, the complex of municipalities grouped about the center will exceed three millions, while the total population of "Greater Berlin," according to the census of 1910, exceeds 3,700,000. The result has been to draw business interests to this point to an increasing degree. The number of American firms having agencies or branch offices here increases yearly, while on the other hand, many of the chief German houses which seek a market in the United States have their main offices here.

The association maintains a suite of offices in the center of the Berlin business district and its library, its extensive collection of trade papers, reference reports, books, magazines and other facilities are always at the disposal of members and guests. The association also publishes a semi-monthly "Bulletin" for the purpose of keeping in touch with its members and keeping them informed of various phases of trade and commerce between the two countries.

Incidental to its other activities, the association aims from time to time to bring its members together upon stated occasions for a closer personal contact. In addition to the annual dinner usually held in January, it has given a number of dinners and receptions upon the occasion of the visits to Berlin of distinguished members of the business or official world.—*Year Book of the Association.*

SAFE DEPOSIT

A SAFETY-DEPOSIT BOX SYSTEM

By B. D. Housel

SYSTEM means order, and order as a general thing means efficiency. Our new friends, Taylor, Emmerson, Gnatt, Brandeis, et al., tell us that efficiency means getting a maximum of result from a minimum of effort.

This is not to be construed a business axiom running "Thou shalt not labor over-industriously." The efficiency engineers who dabble in movement analyses mean that you shall work hard and harder than ever before, but get results—and maximum results.

The shortest way to a "given end" is

efficiency, and the given end is usually the maximum result desired. Let's apply that to the subject.

SIMPLIFYING RECORD SYSTEMS.

Savings banks and trust companies want to reduce the record-keeping incident to the conduct of their safety deposit boxes to such a minimum as will produce a maximum of result. Hence that "given end" or maximum resolves itself into these demands: the system must provide accurately for the follow-

										Safe No					
Signature										Date					
Residence						Password									
Business						Address									
Mother's Maiden Name						Birthplace				Age					
Height		Ft.		In.		Complexion		Hair		Eyes		Weight		Figure	
Signature										Date					
Residence						Password									
Business						Address									
Mother's Maiden Name						Birthplace				Age					
Height		Ft.		In.		Complexion		Hair		Eyes		Weight		Figure	
(Bank's name and address)															

FORM 1—RENTERS' RECORD CARD—FACE (White)

Note that the card is divided horizontally into two portions to admit of the signatures and descriptions of co-renters. It may also be utilized by placing a firm name as the renter and following a detailed description of two persons who are duly authorized to have access to the safe. Where the box is rented by a corporation and certain officers have been authorized severally to have access to the safe a card such as Form 4 is desirable. (See description). In the event of co-renters it is considered advisable to make out two cards reversing precedence of renters' names, filing alphabetically according to first renter's name appearing, thus establishing a cross index. These cards are indexed alphabetically according to renter's name, whether it be individual or corporation. See Fig. 8 for illustration of practical index for about one thousand boxes.

(Address) _____ 19____

Received from the (Bank name) _____ a receipt for rental paid for
 Safe Deposit Box No. _____ which is leased by the undersigned subject to all the rules
 and regulations of said Bank as endorsed on said receipt and to all of which rules and regulations the
 undersigned hereby expressly agrees.

_____ also acknowledge to have received _____ keys of said Safe Deposit Box.

Witness : _____

Remarks : _____

(Address) _____ 19____

(Bank's name) _____ hereby certify that all the property placed or stored in the vault of the
 _____ in pursuance of the letting above mentioned, has been with-
 drawn therefrom, and is now in the owner's full possession, all claims against the liability of said
 Bank therefore being waived accordingly.

FORM 1—RENTERS' RECORD CARD—REVERSE SIDE

The upper portion is an excellent form, showing acknowledgement of first rental receipt and box keys. This is, however, only suggestive and can be altered to meet individual requirements. The lower portion shows practical form for surrender.

Name				Safe No			
Attorney (or Deputy)				Date			
Signature							
Residence				Password			
Business				Address			
Mother's maiden name			Birthplace		Age		
Husband's name				Wife's name			
Height	Ft.	In.	Complexion	Hair	Eyes	Weight	Figure
Remarks							

(Bank's name and address)

FORM 2—DEPUTY'S CARD—FACE

Printed on buff card stock and filed alphabetically among renters' cards, either according to renter's name or deputy's name, as preferred, the color being the distinguishing feature. This appointment is in force permanently or, correctly speaking, until revoked by second clause on reverse side. (See Form 2—Reverse). Spoken of as permanent in opposition to single entry deputy appointment. (See Form 3).

APPOINTMENT OF DEPUTY.

(Address) _____ 19____
 _____ hereby direct the (Bank's name) _____, to
 permit _____ to have access to _____ Safe
 in the Vaults of said Bank, until written notice to the contrary is given said Bank, giving and granting unto
 the said _____ full power and authority to do and
 perform, with reference to both withdrawing or changing, from time to time, the contents of said Safe, or
 in relation to any other thing pertaining thereto, including the surrender of said Safe and the keys thereof, all
 things which said Bank, or its agents may deem necessary, in and about the premises, as fully to all intents
 and purposes as _____ might or could do if personally present, hereby ratifying and confirming all that the
 said _____ shall do or cause to be done in the premises.

In witness whereof, _____ have hereunto set _____ hand and seal at (address)
 this _____ day of _____ A. D.
 Witnesses present: _____

SEAL

SEAL

(city) _____ 19____
 Above appointment of deputy _____ is hereby revoked

FORM 2—DEPUTY'S CARD—REVERSE

This needs no detailed explanation, it being merely the authentic appointment and revocation of a deputy. The form, however, is a good one and should be noted carefully. It is not, of course, arbitrary and can, therefore, be arranged to meet particular demands.

Box No. _____

APPOINTMENT OF DEPUTY FOR ONE ENTRY.

(Address) _____ 19____
 _____ hereby designate and appoint _____ whose
 signature appears below, as _____ duly authorized deputy, equally with _____ to have access
 to and control over Box No. _____ in the vaults of

(Bank's name and address)

and to remove the contents thereof at will; and it shall be sufficient identification of said deputy that he produces this authorization with the customers key. This appointment and authority shall be exhausted by one using and this card shall be surrendered.

WITNESS:

Sig. _____

Age	Complexion	SIGNATURE OF DEPUTY
Eyes	Height	
		ADDRESS

FORM 3—SINGLE ENTRY DEPUTY APPOINTMENT

This form illustrates a card which will serve as a permanent record for single entries for the bank. The card is retained by the bank after the visit, as that visit cancels it. It is used to meet special emergencies in some cases and also often where no permanent deputy has been appointed. They can either be filed alphabetically in a special compartment for single entries or by safe number back of the regular "Record of Visits" card. (Form 7). The latter method is preferable.

SAFE DEPOSIT



Box No. _____ KNOW THE (Bank's name & address) BY THESE PRESENTS; That at a meeting of the Board of _____ of _____ a corporation held at _____ on the _____ day of _____ A. D. 19 _____ a resolution was adopted as follows:

"Resolved, that each of the following named persons, to-wit: _____

_____ be and he is hereby duly authorized to have free access and control over Box No. _____

"in the vaults of the said THE (Bank's name & address) and to remove the contents thereof at will, and that "the _____ of this company execute all documents necessary for

"that purpose," which is hereby certified.

NOW, THEREFORE, the persons above named, whose signatures appear below, are severally authorized accordingly.

WITNESS the seal of said corporation, the hand of its _____ and the attestation of its Secretary, at Winona, this _____ day of _____ A. D. 19 _____

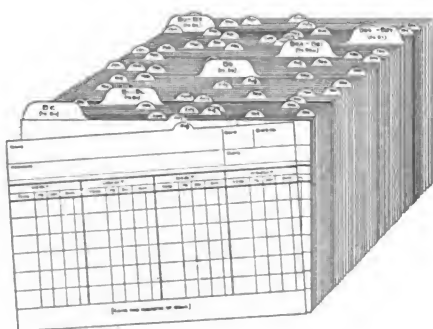
ATTEST: _____

Secretary.

SIGNATURES OF PERSONS AUTHORIZED

FORM 4—SEVERAL ACCESS AUTHORIZATION—(Blue)

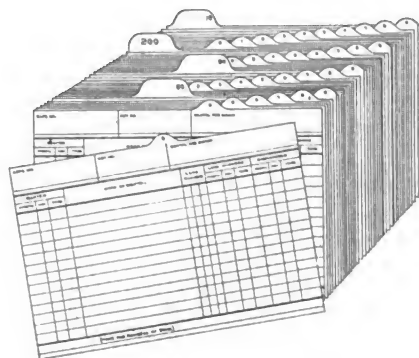
As previously explained, this card is for use where a corporation authorizes certain officers severally to have access to a box. It is sometimes deemed advisable to use a separate descriptive card made out for each signer and handle them much the same as deputies. The original card is filed exactly the same as the regular renter's card, this, in fact, being a renter's card, but of a slightly different character than the ordinary card.



FORM 5—LEDGER AND EXPIRATION CARD

This is an extremely important card and brings out the capabilities of the tab card as a cross-indexing agent. It is white, tabbed monthly, January to December. One card is made out for each renter, showing name and address, safe number, rate paid and date began. When the safe is rented the first year's rental is set down in the debit column and credited when paid in the credit column. Renewals, of course, are posted at the year's end in the debit column. The illustration shows how that portion of the system would appear in actual operation. The tabs indicate the expiration date and enable the user of the system to select each month the cards for rentals

falling due. For instance, the latter part of December the operator removes all cards bearing the January tab, sends the renter a statement for the next year's rental, makes debit posting, and the work is completed. This card is a great combination of simplicity and accuracy. The cut shows a portion of the alphabetical guides in Form 8.



FORM 6—SAFE HISTORY CARD OR RECORD OF SAFES

This is an auxilliary record of safes tabbed numerically 0 to 9. It forms a complete history of each safe, as under the

column headed "Name of Renter" are entered the names of all who successively rent the safe. Convenient spaces are provided for the lock numbers used by each renter, date locks are changed and the dates of surrender. This cut also shows how the system appears in operation, being a more detailed view of Form 9.

ing features: The renter's signature and personal description; if co-renters, both signatures and descriptions; deputy's permanent, conditional and single entry appointments including personal descriptions thereof; corporations having issued admittance authorization to certain officers severally; ledger record; expirations; box histories and record of visits.

The card system here, as in all detailed systems, adapts itself readily to

the requirements. The facilities for double indexing by tab cards are here emphasized, no other method so admirably producing the results with a minimum of effort—hence their efficiency.

Every feature is taken care of in the following-described system which is illustrated accurately by forms. The cards shown are six inches wide and four inches high, and are filed as indicated by the indexing illustrations. These admit of accurate and rapid reference.

It must be understood that as described and illustrated this system provides for nearly every detail that could develop where an accurate record of safety deposit boxes is required. It must also be understood that the outline can be altered to meet the specific requirements of individual cases.

BOX	NAME																														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
JAN.																															
FEB.																															
MAR.																															
APR.																															
MAY																															
JUNE																															
JULY																															
AUG.																															
SEPT.																															
OCT.																															
NOV.																															
DEC.																															

(Bank's name and address)

FORM 7—RECORD OF RENTERS' VISITS OR CALL RECORD

These cards are white, tabbed 0 to 9, and are indexed and operated exactly as Form 6. They are numbered consecutively and set up in the card cabinet blank. This is a new feature and comes into use because of little differences some banks have had with customers who claim that their safes have been disturbed between their visits to the bank. The clerk or official in charge of the safe-deposit boxes uses this card to record the visit to the vaults of every renter. For example: Mr. Smith applies for admission to his safe on June 13, and the number of his safe is 322. Before the official allows him to enter the vault he refers to card for safe No. 322, and in the space opposite June and under the column 13, he places a small check mark, or requests Mr. Smith to place his initials therein. Some months later Mr. Smith may come in and claim that his safe has been disturbed and is sure that he has not examined it for a year or more. Reference to this card enables the official to refresh Mr. Smith's memory.



FIGURE 10—CABINET FOR FILING RECORDS

With Form 7 the system is complete with the exception of a cabinet, as shown by Fig. 10. An outfit to keep the records for 1000 boxes can be secured from any up-to-date filing system house for about \$40. Larger outfits at a smaller proportionate cost. This includes printed cards, guides, cabinet and in fact, every item necessary for immediate operation.

Ordinarily an accurate and sufficiently detailed system could be provided by

using Forms 1, 2, 5, 6 and 7 in connection with the indexing material for those forms.

This system is in use in many banks and is giving satisfaction. In some cases the minor details have been slightly altered and a few of the forms combined or omitted to meet special conditions; but the principle and outline remain the same. The smaller banks are eliminating Forms 3, 4 and 7, while the larger ones are enlarging upon them. In a few instances the renters and deputies' cards are being combined, in which case reference is made to the records by the renter's name only.

The necessity of accuracy in details of this kind of record can only be properly appreciated by those connected directly with safety deposit box records. The general principle, however, will appeal to all who have to come in touch with them—the renter included.

BANKING PUBLICITY

Conducted by T. D. MacGregor

COMMERCIAL BANK ADVERTISING

By the Editor of this Department in "Advertising and Selling" Magazine

IT has always been customary to begin an article on bank advertising by saying that "the day when banks advertised only by publishing a formal business card or financial statement, expecting no definite results from their advertising expenditure are rapidly passing away."

But in this article I propose to eschew that trite though true statement, and call attention to the fact that banks actually trace advertising results by methods similar to those used by other advertisers, quoting the opinions of typical bankers on the success of their advertising and confining my references almost entirely to commercial bank advertising—for various reasons the most difficult to prove directly profitable.

It is a fact that while bankers find that it is comparatively easy to keep tabs on results from advertising for savings accounts, certificates of deposit, safe deposit, investment and trust business, it is harder work and perhaps requires more faith to trace the results of advertising for commercial banking business—the accounts of merchants, manufacturers and the big borrowers generally, but it can be done, because it is being done.

TRACING RESULTS SYSTEMATICALLY.

The Title Guarantee & Trust Company of New York is a large advertiser, and Mr. Horace Anderson, its advertising manager, makes a systematic effort to trace advertising re-

sults in all branches of its business—not only in mortgages, mortgage certificates, title insurance and trust matters, but also in commercial bank accounts.

In advertisements of any special feature of service described in a booklet, Mr. Anderson has found that the newspaper or magazine advertisements can be "keyed" in a very satisfactory manner by giving the booklet a different letter, as "Booklet A," "Booklet B," etc.

Inasmuch as this institution has no booklet devoted especially to the commercial banking feature of its business, Mr. Anderson keeps his fingers on the pulse of advertising results in this direction by asking the men in the bank who come into contact with new customers to find out tactfully from each opener of a new account what brought him to the institution. Advertising gets credit for its due share.

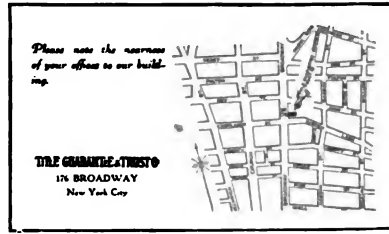
It has been the experience of this bank that the wording of an advertisement, especially the phraseology of a headline, often enables the people in the bank to trace the direct results of advertising, because in writing a letter to the bank or in talking to the teller at the window, a certain fact or phrase in the advertisement is referred to by the new customer or inquirer. In many cases the newcomer introduces himself by saying, "I saw your advertisement in the subway" (or in the "Times," "Sun," "Mail," etc., as the case may be).

In circularizing, this institution is able to check up results very carefully by making a special proposition or by using a reply postcard which automatically shows the source of the inquiry.

At the time this article is being written this institution is sending out 13,000 copies of an imitation personal letter to companies and individuals located in that section of downtown New York approximately bounded by Pine street on the south, William street on the east, Vesey street on the north and Greenwich street on the west. The addresses were taken from the latest directory of the New York Telephone Company. The letter reads as follows:

DEAR SIR:

Your location within a comparatively short distance of our office at No. 176 Broadway, makes our banking department a convenient place for you to deposit money



A LOCALIZED CAMPAIGN

and conduct your banking business. You will have in mind one other consideration beside that of convenience, i. e., safety.

Our deposits to-day are a little over \$30,000,000. Our capital, surplus and undivided profits are more than \$16,000,000. This is an extraordinary ratio of capital to deposits and shows exceptional safety to the depositor. The double liability on our stock makes a further guarantee to depositors of over \$4,000,000.

We will make loans on acceptable collateral or discount paper of mercantile houses of assured position and sound credit. We have a large and efficient office force and can assure you prompt attention on any banking matter.

We shall be glad to talk with you about keeping your account with us, either as a checking account or on certificate of deposit. If you will present this letter, I shall be glad to see you personally, or should you prefer, shall ask a representative of our banking department to call to see you, if you will request it.

Very truly yours,

E. O. STANLEY,

Second Vice-President,
Manager Banking Department.

Accompanying the letter is a card bearing the latest statement of the bank and on the back the map reproduced herewith.

The results of this special campaign are pronounced and the bank people expect to have many new depositors on their books as a result of it.

A detailed system of keeping tabs on the results from advertising in the various magazines is kept covering both inquiries and actual business, but for the purposes of this article, that is another story, inasmuch as this branch of the advertising has to do with a saving investment rather than commercial bank accounts.

The important thing in this connection is the fact that here is a large

bank which has found it possible to devise a practical working system to keep track of the results of its advertising.

That its officers are satisfied that advertising pays this particular institution is evident from the fact that it has been a large and consistent advertiser for many years, and its business has grown enormously during that time.

This may be an illustration of the fallacy known to the logicians as "Post hoc, ergo propter hoc" (after this, therefore on account of this), but Mr. Anderson does not think so.

The officers of the New Netherland Bank of 41 West 34th street, New York City, are also firm believers in the good results of advertising for commercial banking business. The bank does some newspaper advertising and supplements it with a good deal of circularizing and form letter work.

Situated as it is in the center of the shopping district, the bank makes a special appeal for the banking business of women. An advertising plan, appealing to ladies, which proved very successful in bringing in new accounts involved the use of President J. Adams Brown's personal card of introduction to Cashier Curtis J. Beard, accompanying an attractive booklet, entitled "Your Requirements and the New Netherland Bank."

The two letters used were as follows:

NO. 1.

DEAR MADAM:

I have taken up with Mr. Beard the matter of inviting you to open an account with us and I am sending you my card of introduction to him.

I hope you will find it possible to stop in and look over our bank and make his acquaintance very soon.

I might add that this bank is in splendid condition to handle your account and I wish to call your attention to these facts: that we are a commercial bank, owned and controlled by the officers and directors of this corporation and not affiliated with any other financial institution. All questions are answered promptly and without appeal to some one else. Courtesies are extended freely, consistent with sound banking.

If Mr. Beard should be out when you call, I shall be glad to have you ask for me.

Very truly yours,

J. ADAMS BROWN,
President.

NO. 2.

DEAR MADAM:

Some time ago I sent you my card of introduction to our cashier. I have not heard from you and Mr. Beard informs me that you have not called on him. We both would like to have you open an account with us and I personally assure you that I will go out of my way to make it pleasant for you.

As you know, every bank has a different way of extending courtesies, and we believe our methods will appeal to you. The personal element is very strong here and the fact that the management is vested in the active heads enables us to favor promptly, which is quite impossible in the bulky financial institution.

If you find the demands on your time prevent you from coming to see us, then I or some one from the bank will call on you, if you will kindly send me your card with a date and hour written on it.

I hope I shall have the pleasure of hearing from you soon.

Yours very truly,

J. ADAMS BROWN,
President.

SOME ACTUAL FIGURES.

C. L. Chilton, Jr., furnishes some facts and figures concerning the advertising of the First National Bank of Montgomery, Ala., of which he was formerly advertising manager. He says that the figures on the advertising were kept as carefully as the general books of the bank.

During three years of advertising, this institution's net gain in new commercial accounts was 30.5% over the total number of accounts on the books at the end of the previous 37 years of the bank's history. Newspaper advertising was only part of this successful campaign. In these three consecutive years, multigraphed letters brought in 779 new accounts, aggregating about \$150,000 in first deposits.

Careful cost figures were kept to see whether the results warranted the expense. During the three years the following figures were obtained:

Cost per new account, \$2.25, \$2.01 and \$1.67 for the first, second and third years, respectively.

Cost for each \$1,000 of new deposits, \$10.40, \$4.87 and \$4.40, respectively.

The total advertising cost for the third year was 20.3 per cent. lower than that of the first year.

The cost figures include advertising for Safe Deposit, Travelers Cheques, etc., but these are charged against the commercial business.

W. O. Boozer of the Barnett National Bank of Jacksonville, Fla., is emphatically of the opinion that advertising for commercial accounts is profitable, especially when the indirect bearing is taken into consideration, for every new account gained, of whatever description, adds some influence. He says:

We advertise rather freely and personally I believe it has paid us very large dividends. The mediums we use, principally, are personal and circular letters, booklets, folders, moving picture screens, magazines, the usual "donation" ads, and the local newspapers; running a daily ad. in the afternoon paper, in the centre of the "Want Column" page, and an ad. three times a week in the morning paper. These ads. are not repeated, but are new matter each time.

I do not think there is any doubt that most small accounts go where they are asked and are told to go, both commercial and savings, and in the aggregate the amount is surprisingly large. As a rule, this class of business does not ask for accommodations. Gaining a surplus from these accounts, the banker is better able to take care of large borrowing accounts, so, indirectly, advertising affects the largest commercial account.

Oftentimes commercial accounts come as a collateral result of advertising for other business, sort of a by-product, as it were. For instance, the Peoples National Bank of Westfield, N. J., conducted a campaign for savings accounts in March last and opened 1600 in three weeks at an expense of \$250, and incidentally opened approximately one hundred other accounts in the safe deposit and commercial departments during the same period.

Mr. F. C. Mortimer, Cashier of the First National Bank of Berkeley, Cal., says:

This bank and our affiliated institution, the Berkeley Bank of Savings and Trust Company, advertise in many different ways. We use the newspapers, college publications,

programmes, circulars, booklets, follow-up letters and novelties of many kinds.

I believe that financial results have come to us through the systematic and consistent campaign we have followed. The resources of this and our affiliated bank have increased in a highly satisfactory manner and our advertising has been a contributing factor in this increase.

We give particular attention to our service here and at frequent intervals one of the officers of the bank visits the several departments and impresses upon the tellers the importance of maintaining the high standard of service which we believe we have established.

The Lincoln Trust Company of Boston cites an instance of the long-distance pulling power of advertising in the case of a man from Maine, who came into the institution to open an account, stating that he had been intending to establish a banking connection in the city for some time, and that this bank's newspaper advertisements had led him to start the account at once and with that bank.

Henry M. Lester, President of the National City Bank, New Rochelle, N. Y., says:

People do not often volunteer the information that it was through our ads. that they came to the bank, but we are making a steady increase in our commercial accounts. People do read our advertisements in the newspapers, as I have heard comments made upon them a good deal by our own customers and also by others outside who are interested in publicity.

FREQUENT CHANGE OF COPY.

J. M. Berry, Vice-President of the Central National Bank of Tulsa, Okla., says:

We made use of your advertising and received a great many favorable comments upon the subject matter of our advertisements. I believe that commercial accounts can be secured from newspaper advertising in sufficient amount to warrant such expense, provided such advertising is done judiciously, changing the matter frequently to keep the particular subject of business before the public in a readable and interesting way.

THE VALUE OF AN ACCOUNT.

In thinking of the results of commercial bank advertising, it is well to consider when an account is profitable to a bank. That differs according to

circumstances. An account once secured becomes increasingly valuable. So that while at first it may even mean a loss to the bank to carry it, the chances are that in the long run it will

become profitable and eventually lead to a great deal of new business, not only from the original depositor, but also from his relatives, friends and business associates whom he influences.



HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Advertising

A RATHER unusual, but none the less valuable, piece of advertising literature is issued by the Barnett National Bank, Jacksonville, Fla. It is nothing more nor less than a cook book entitled: "What to Cook and How to Cook It." While the good housewife pages over the book to find seasonable recipes, she finds between the paragraph on "Poor Man's Layer Cake" and "Eggless Cake," the admonition "In seasons of prosperity prepare for seasons of want." The cover is almost wholly given up to advertising matter of the bank, and there are several full pages of advertising interspersed. The last word in practical psychology is the "Price, 25 Cents" on the cover, which will make the recipient prize the book even if she does get it for nothing.

E. P. Simpson, Jr., assistant cashier of the First National Bank of Tooele, Ga., writes:

Enclosed I am sending you copy of a recent letter which I sent to our stockholders. Within a week after mailing this letter I have received a dozen direct answers to same. Thinking, perhaps, that it might interest some of your subscribers and members of your advertising exchange, I am sending you the enclosed copy.

The copy of the letter follows:

DEAR SIR:

I am taking the liberty of writing you this letter because you are a stockholder of this bank. You are a part of it. Its welfare is of vital interest to you. When you work for it—when you influence a man to become a customer—you are working for yourself. Ever think of that?

We, inside the bank, are bending every energy toward three things—the satisfac-

tion of our present customers, the gaining of new customers and the making of profit for our shareholders. These three things require hard work, with an eye single always to absolute safety.

Not depreciating to any extent the influence you are using for us now and have used in the past, we feel that if the matter is called to your attention you will be willing to give just a little more of your time toward working for the First National.

If you find a man who is undecided as to where to keep his money, tell him where you do your business; tell him how we have treated you; tell him of our large capital and surplus; tell him that we are the only national bank in the county; tell him who the men are who are behind the bank. If he brings his account to us, you confer a favor both upon him and us.

The idea is: I want all the stockholders to feel that this is "our bank." When this idea becomes general the splendid growth that the First National is already enjoying will be doubled.

May I not expect your co-operation along the lines laid down above?

Very truly yours,

This is a good letter. The personal note to it is especially appealing.

J. A. Buchanon of the Guaranty Trust Company, Lancaster, Pa., writes:

Enclosed herewith you will find a folder which we expect to mail about September 1. It is to supplement our newspaper advertising, and, at the same time, I think it a good advertisement in itself. We are going to mail it to our follow-up list, depositors, etc.

We are partly indebted to Mr. T. H. Stoner of the People's National Bank, Waynesboro, for the idea.

After breaking a red seal one opens the folder and finds it to be a sheet 11x17 inches, containing a fine half-tone picture of the bank building and

The Interest of Every Bank Depositor is to Know His Money is Safe

Something You Should Know

Mr. W. R. Williams, State Superintendent of Banks, says the banks of Sacramento are the most prosperous and most wealthy of all the interior cities in the State, and are succeeded in strength only by those of San Francisco, Los Angeles and Oakland.

Compare the statement of the superintendent of banks with that of our bank and you will find that one-half of the loans mentioned are held by us, that this bank also represents almost one-half of the total resources, more than 80 per cent of the surplus, one-half of the undivided profits and one-half of the total deposits.

This speaks most convincingly of our progress and our strength.



It has taken years to build up this bank to its present edifying condition. Not ten years or twenty years, but forty-five years of hard steady work, so that the people of Sacramento and Northern California could look upon this institution and truthfully say they were proud of our record, proud of the fact that we have overcome all obstacles and proved to be able to say they carried on business with us.

At present we have over 15,000 depositors living in nearly every part of California. Every day we add new names to this list through our strength and excellent service.

Our ambition is not to do great things in finance, but to serve you well. A savings account on which we pay four per cent interest compounded every six months can be opened for any amount down to One Dollar. After comparing the two statements above and you feel that you would like to become one of our patrons, just come in and make yourself acquainted. We shall be pleased to extend you all the facilities that made us one of the largest and strongest strictly savings banks in all California.

Sacramento Bank

Philip Schold, President.

430 J Street

J. M. Henderson, Jr., Cashier.

Member Sacramento Clearing House Association

AN ABLE PRESENTATION

a reproduction of seven newspaper advertisements of the institution, with this introduction:

These are selected from advertisements appearing at present in the Lancaster "Morning News" and "New Era" and changed every other day. They are published as a reminder of the modern banking facilities offered you here. As one interested in good financial service, we feel you can follow them with profit. Read them.

W. R. Kay, Jr., advertising manager of the Sacramento Bank of Sacramento, Cal., writes:

I am enclosing you one of our latest ads., which I would like to have you criticize in

your valuable magazine, if you can find the space to spare.

We always have space to reproduce as good an ad. as that Mr. Kay sends us. It is a strong ad., but typographically we have one fault to find with it, and that is that when an ad. is eight inches wide, as this one was in the original, the body of it should either be set in larger than 8-point type or the lines should not be so long. The eye gets tired of traveling across a long line of fine type. It would have improved this ad. to have had the body matter set in two four-inch wide columns instead of carrying the lines away across the whole eight inches.

More than SEVENTEEN PER CENT increase in resources

The Resources of this Bank increased more than Three Million Dollars during the first six months of 1912. This is a gain of more than Seventeen Per Cent.

This gain was made—NOT through consolidation with other Institutions—but by a net gain of more than Two Million Dollars in Deposits and an increase in Capital and Surplus amounting to almost a Million more.

The disposition of this large increase in Resources has been made under the same conservative, careful policy that has given this Bank such a reputation for high character and integrity.

It has been loaned on first mortgage on approved Real Estate under our own conservative valuation—and upon approved Collateral of the highest type.

All transactions are censored and approved by the State Banking Department, perhaps the most exacting in its requirements in the United States.

The Bank owns no Real Estate, has no money "tied up" in Furniture and Fixtures (the real value of which can never be realized upon)—and our valuation of our Safe Deposit Plant and Vaults has been gradually reduced until it is now considerably less than half their cost.

The Directors of this Bank have set aside a sufficient sum of money OUT OF OUR SURPLUS EARNINGS to equip our new Banking Room at Spring and Seventh Streets—so that all our liability to Depositors is covered by the highest type of REALIZABLE investments—every one of which is worth its face value.

We serve people prefer doing business with and entrusting their funds to an Institution conducted along the same safe lines followed by this Bank.

Accounts opened at Four and at Three Per Cent interest, the latter with checking facilities under moderate restrictions. Money loaned on Collateral and on approved Real Estate. Trusts executed. Superior Safe Deposit Facilities. Around-the-World and other interesting Tours arranged by our Secretary Department.

**German American
Trust and
Savings Bank**
SPRING & FOURTH STS. LOS ANGELES

*The Bank with the
Efficient Service*

STRONG AND DISTINCTIVE

The same criticism applies to the ad. of the German-American Bank of Los Angeles, which, otherwise, is a satisfactory advertisement, being very distinctive.

The Corn Exchange Bank of New York sent this letter to persons whose names are in "The Social Register," and also to some business houses:

DEAR SIR:

We have no doubt your present arrangements for banking facilities are perfectly satisfactory, but we have taken the liberty of addressing you with the hope that increasing business or other reasons might necessitate your opening another account. If such a condition should arise we would be very much gratified if you would avail yourselves of the facilities of our institution.

Assuring you of our very best service, if we are so fortunate as to have the name of your good house numbered among our patrons, we are,

Respectfully,

"The Bank and the Depositor" is the title of a booklet advertising the Commercial National Bank of Syracuse, N. Y., sent us by E. R. Mulcock. The subject matter of this booklet is good, giving some practical banking hints and information. It is printed on gray paper, which we don't like, as it makes it harder to read. Otherwise the booklet is a very creditable piece of work.

One of the best trust company booklets we have seen in a long time is that issued by the Eastern Trust Com-

pany of Halifax, Nova Scotia. In subject matter and mechanical work it is all that could be desired.

The National Bank of Commerce, Williamson, W. Va., has a series of monthly calendar cards. That for August bears a picture that will appeal to baseball "fans": "When Casey's at the Bat."

We don't think the advertisements of the Monroe County Bank and the



SAVE IT

Its too Valuable to Lose
Its Worth the Effort

Before your money "gets into trouble"
bring it around and open an account.
It will help you save, you will feel differently,
you will have new ambition.

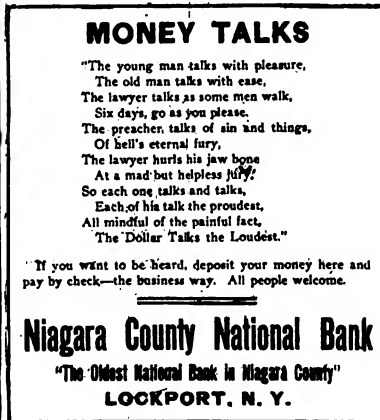
Save It . Bring It to Us . Its Safe

THE MONROE COUNTY BANK

FOR MYTH, GEORGIA

And what shall we say of the "Money Talks" ad.? Simply this: If that's the way money talks it better shut up, because it will never bring this bank any business. Our advice to advertising banks is, leave the doggerel rhyme ads. to the chewing gum manufacturers or others who don't need to be ultra-dignified in their advertising.

"Management of Trust Estates" is the title of a booklet issued by the Union Trust Company of Springfield, Mass., to explain the value of trust company service in this respect. It also emphasizes the importance of making a



MONEY TALKS

The young man talks with pleasure,
The old man talks with ease,
The lawyer talks as some men walk,
Six days, go as you please,
The preacher, talks of sin and things,
Of hell's eternal fury,
The lawyer hurls his jaw bone
At a mad but helpless jury;
So each one talks and talks,
Each of his talk the proudest,
All mindful of the painful fact,
The "Dollar Talks the Loudest."

If you want to be heard, deposit your money here and
pay by check—the business way. All people welcome.

Niagara County National Bank
"The Oldest National Bank in Niagara County"
LOCKPORT, N. Y.

POETRY AND ART

Niagara County National Bank are much to be proud of, whoever was responsible for them. The Monroe County Bank should have made the words "save it" apply to the valuable space occupied by the cut of the human eel diving into the sea of ink to save the dough bag in distress. Looks like it was tainted money, anyway, to soil the water up that way, and it might be better to let it go. Three times in this ad. the possessive pronoun "its" is used in place of "it's", the contracted form of the subject and predicate "it is." We don't like the cut and we don't like the reading matter. Otherwise the ad. is O. K.

will. Altogether, it is a well prepared and forceful piece of financial advertising literature.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.
 Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of the Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Windsor Trust Company, New York City.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

A. A. Eklrch, secretary, North Side Savings Bank, New York City.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

Farmers & Mechanics Trust Company, West Chester, Pa.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

C. W. Beerbower, National Exchange Bank, Roanoke, Va.

B. P. Gooden, adv. mgr., New Netherland Bank, New York.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

E. L. Zoernig, Sedalla Trust Co., Sedalla, Mo.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.

C. E. Auracher, The Bank Advertiser, Cedar Rapids, Iowa.

Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

Germantown Ave. Bank, Philadelphia, Pa.
 Frank K. Houston, assistant cashier, First National Bank, Nashville, Tenn.

B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.

A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.

J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.

Union Trust Co. of the D. C., Washington, D. C.

E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.

Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.

J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.

MY FINANCIAL WASH

From the Pittsburgh Post.

The Government has installed machines for laundering the paper money.—News Item.

I haven't got much filthy cash,
 A lone two dollar bill;
 But I shall send it to the wash
 And put it through the mill.

I'll take my washing every week
 And give it to the clerk,
 For I have a scheme unique
 And hope to see it work.

The fellow who removes the grime,
 Who renovates and cleans,
 He may mislay my wash some time
 And give me Hetty Green's.

IF

If much was in a name I'd strike
 My tent for Cashtown, Pa., or hike
 To Rocksburg, down New Jersey way,
 Or else up north to Fortune Bay.

If much was in a name—gee whizz!
 To that town Coin I'd turn my phiz.
 Or maybe Dollarville I'd seek,
 Or perhaps that place called Moneycreek.

If much was in a name you'd see
 Me start for Greenback, Tennessee;
 And you, I guess, would do the same—
 That is, if much was in a name.

—Boston Transcript.

NO WONDER

The bank was not a winner,
 It did not gain support.
 The manager's name was Skinner
 And the cashier's name was Short.

—Boston Transcript.

AMERICAN BANKERS' ASSOCIATION — THIRTY-EIGHTH ANNUAL CONVENTION AT DETROIT

TWO points of especial interest marked the thirty-eighth annual convention of the American Bankers' Association, held at Detroit, Mich., September 9th to 13th. These were a disposition to throw overboard the National Reserve Association plan of banking reform, and the laying of especial emphasis on the desirability of better agricultural credits and the improving of our farming methods.

The action on the first of these matters was reflected in a resolution by Festus J. Wade, president of the Mercantile Trust Company and the Mercantile National Bank of St. Louis, stating that hereafter the American Bankers' Association would coöperate with other organizations and with individuals in securing for the United States an efficient system of banking and currency. As this resolution failed in endorsing the Aldrich plan, and as the address of Arthur Reynolds, chairman of the executive council of the American Bankers' Association, stated that the work of bankers in behalf of currency reform had been disappointing in its results, it may be expected that henceforth the bankers' association will devote its attention to some measure of reform that is politically practicable.

It appears that the bankers have finally come to a realization of the fact that in view of our past experiences with a central institution, and considering the habits and traditions of our people, any attempt to set up a new piece of centralized financial machinery here must prove futile.

The resolution introduced by Mr. Wade does not, of course, imply that the bankers of the country are less interested in banking reform than they have been in the past. Rather it implies that they are tired of wasting their efforts in behalf of purely theoretical schemes that look well on paper, but are utterly hopeless from a practical standpoint.

Henceforth the bankers will give

their support to any wise and practicable plan that seems calculated to improve present conditions and to be a legislative possibility. This determination, instead of hindering the movement in behalf of a better banking and currency system, will undoubtedly help it along. So radical and un-American a proposal as the reserve association plan has never



WILLIAM LIVINGSTONE
RETIRING PRESIDENT, AMERICAN BANKERS'
ASSOCIATION; PRESIDENT DIME SAVINGS
BANK, DETROIT, MICH.

stood the remotest chance of adoption, but this does not mean that Congress would refuse to listen to a simple, practicable plan devised along American lines.

By recognizing that there is no chance for the National Reserve Association plan, the bankers have done much to clear the way for some other effective measure that will bring about the much-needed reforms.

AGRICULTURAL CREDIT AND IMPROVED METHODS OF FARMING.

Next to the currency discussion—and perhaps, of even greater importance—was the attention given in the programme to the matter of agricultural credit and to improved farming methods.

This is a work of great importance and it has been undertaken by the bankers with characteristic energy and intelligence.

The equipping of our farmers with adequate credit facilities and the better education of those who are growing the country's crops are matters of the greatest importance to individual welfare and national prosperity. And the bankers by reason of their business experience and the first-hand knowledge many of them have of farm conditions are eminently fitted to lead in this work.

The paper on farm credits, read by Charles A. Conant, the well-known financial authority, told of what had been done in Europe, and discussed the methods of adapting European experiences to American needs.

Mr. Knapp, of the Department of Agriculture, gave an instructive account of what the Government is doing to improve farming methods, while the discussion of improved agricultural and industrial education—inaugurated by Joseph Chapman, Jr., of the Northwestern National Bank of Minneapolis, and participated in by a number of the delegates—proved one of the liveliest and most interesting features of the convention. Indeed, it seemed as if for the first time the convention fairly woke up. It showed the possibility of arousing interest when the delegates were given a chance to talk briefly on a subject in which all are concerned.

LACK OF INTEREST IN THE PROCEEDINGS.

The proceedings of the conventions of the American Bankers' Association have for years been absolutely killed by adherence to a blind system of reading routine reports and long-winded papers. These are no doubt interesting and valuable in themselves, but they gain absolutely nothing by being read

before the convention. They could be printed and placed in the delegates' seats, to be read and discussed by anybody especially interested. The only effect of reading these tiresome reports and papers before the convention is to empty the hall rapidly and almost completely. At no session of the convention after the first one where the addresses of welcome are made is there ever more than a mere handful of delegates present. They simply refuse to be bored by these long-winded reports and papers.

The result finally reached has been to make the convention proceedings more of a farce than anything else. And the responsibility for this state of affairs rests wholly upon those who make up the programme. They have had this matter brought to their attention year after year, but have done little to correct it. In consequence, the attendance at the conventions is falling off and of those who go fewer and fewer pay any attention to what is going on in the convention hall. It is really laughable to see the handful of persons in the hall at any time solemnly voting aye on almost anything put up to them and evidently thinking that they are representing the 13,000 members of the association or the 27,000 banks of the United States.

The real conventions of the American Bankers' Association are held in the lobby of the hotel that for the time being serves as convention headquarters. Here the banker meets his old friends and makes new ones. The speeches made are short, crisp and telling, and nobody can hold the floor to the exclusion of anybody else. The little banker from the small town is "in it" equally with the big banker from the great city. He may not know enough about high finance to have his name put on the programme, but he knows how to run a bank, and he can talk in a way that draws around him an admiring circle of friends.

But while this is one of the pleasantest and, in a way, one of the most valuable features of the conventions, it would be a source of regret if the pro-

ceedings in the convention hall should be allowed to continue on their present plane, which invites the indifference and ridicule of most of the delegates. The programme could be made live and interesting, as the offhand discussion shows. The whole problem seems to be to cut out all lengthy routine reports; to allow the reading of any paper only in cases of rare exception; to have bright extemporaneous speakers who can interest those present, and to give freer opportunity to the delegates themselves to make brief talks. By adopting this course the proceedings of the conventions of the American Bankers' Association will be made worthy of that really great and influential organization.

WORK OF THE SECTIONS AND COMMITTEES.

The real work of the association is not, strictly speaking, done at the conventions. It goes on silently day by day, through the various officials, committees and sections. These instrumentalities are doing a work of great practical value to the banks of the country, and it would be instructive, did space allow, to give in detail just what has been done during the past year, but a summary of this must suffice, and this will be found in the address of President Livingstone, published further on in this report.

DETROIT'S RECEPTION OF THE BANKERS.

Detroit is one of the country's notably fine cities, and it gave to the visiting bankers a decidedly hearty welcome. For the first day or so the weather was uncomfortably warm—a condition that could be avoided by setting the date a few weeks later—but after that the atmosphere was delightful. Special entertainments included automobile trips, receptions at the clubs, golf, baseball, theatre, reception at the Wayne Pavilion, etc., etc.

One of the pleasantest incidents of the convention undoubtedly was the luncheon given to over 1,000 of the delegates at Walkerville, Ont., by

Messrs. Hiram Walker & Sons, Ltd., followed by a boat ride on the river and lake.

The committee of Detroit bankers made everything agreeable for the visiting bankers, and the banks of the city coöperated by royally welcoming all callers.

It was at one time feared that the hotels would not be able to accommodate the crowds, but it was found later



ARTHUR REYNOLDS
FIRST VICE-PRESIDENT, AMERICAN BANKERS' ASSOCIATION; PRESIDENT DES MOINES NATIONAL BANK, DES MOINES, IA.

that all could be taken care of. Evidently the bankers attending the convention were most favorably impressed by the hospitality of the Detroit bankers, and by the city's beauty and its evidences of prosperity and progress.

OFFICERS ELECTED.

President—Charles H. Huttig, president Third National Bank, St. Louis.

First Vice-President—Arthur Reynolds, president Des Moines National Bank, Des Moines, Iowa.

Chairman Executive Council—
Thomas J. Davis, cashier First National Bank, Cincinnati Ohio.

The following were re-elected or appointed to the positions named: Treasurer, J. Fletcher Farrell, vice-president Fort Dearborn National Bank, Chicago; secretary, Fred E. Farnsworth; assistant secretary, W. G. Fitzwilson; counsel, Thomas B. Paton; manager protective department, L. W. Gammon.

Next year's convention will be held at Boston, the date to be fixed later.

It is impossible in this issue of THE BANKERS MAGAZINE to present a comprehensive report of the convention, but in the November number several of the important papers will be commented on and summarized. The work of the association for the past year is admirably condensed in the following annual address of President Livingstone, delivered at the opening of the Detroit convention:

ANNUAL ADDRESS OF THE PRESIDENT, WILLIAM LIVINGSTONE.

To the Thirty-Eighth Annual Convention of the American Bankers' Association.

GENTLEMEN: Fifteen years ago Detroit had the pleasure of entertaining the American Bankers' Association, and those of you who attended the convention of 1897 remember that the association at that time was truly in its infancy; its membership numbering but 2813, and its only adjunct the Trust Company Section, which was then just one year old. It affords me the greatest pleasure to congratulate you to-day on the present organization, with its membership of over 13,300—representing a net increase during the past year of over 1200, the largest increase in any one year since organizing, its various sections, departments and committees all working for the furtherance of the banking and business interests and for uniformity of laws in all of the States.

TRUST COMPANY SECTION.

The Trust Company Section, whose membership now embraces about two-thirds of the largest and most progressive trust companies of the United States, is on the alert at all times to improve conditions and facilities for the performing of the duties of the various institutions doing a trust company business, its book of trust company forms, compiled by the secretary, Mr. P. S. Babcock, is widely used by members of the section.

SAVINGS BANK SECTION.

The Savings Bank Section is the largest section in point of membership in banks in the association. This section was successfully launched in 1902, and has been piloted by very able officers during its entire history. Too much credit cannot be given the late William Hanhart, who, as secretary, carefully guided its activities, and the work started by him has been carried on creditably by his successor, W. H. Kniffin, Jr., and since his resignation by E. G. McWilliam. Not only has the section been active in securing new members, but also along various lines from which that membership has benefited. Perhaps one of the most important features of their work has been the campaign of education among the people of the United States on saving and thrift and a continuation of the work toward fostering school savings banks.

CLEARING-HOUSE SECTION.

The Clearing-House Section, the youngest of the three larger sections, is by no means the least important. Its growth since the first conference of clearing-houses in St. Louis in 1896 has been rapid, indeed, and at the last convention held in New Orleans, the section deemed it advisable to place a secretary in charge who could devote all of his time to this feature. The executive officers have been actively engaged in directing and promoting the work laid out by the section. The universal numerical system has been adopted by more than 7000 banks, according to actual reports in the secretary's office. Many other banks have been taken care of by their correspondents, and no record has been furnished the office of these. Mr. Wolfe, the secretary, is untiring in his efforts along this line, and he has been attending chapter meetings of the American Institute of Banking and establishing committees among chapter members, whose duty it is to see that all checks passing through their banks bear the transit numbers, for in order to make the plan as valuable to the banks as it should be, all checks and drafts should bear these clearing-house numbers.

In the Clearing-House Section seventeen cities now have a special clearing-house examiner, who is solely under the direction and control of the clearing-house committee, and the reports from all of these cities show that the system is most satisfactory and that very beneficial results have been obtained, and all strongly endorse the system. Also not least in its work is the endeavor of the section to secure uniformity in clearing reports.

AMERICAN INSTITUTE OF BANKING.

The American Institute of Banking Section has seventy-five chapters, including one

in Cuba and one in Hawaii, with a total membership of over 12,000. With commendable conservatism the Institute has consistently resisted the temptation to sacrifice quality to quantity in extending its membership, and any former misgivings that the organization might degenerate into a labor organization or a circle of social clubs have vanished. Sound and systematic educational work along orthodox lines seems to be the established policy of Institute management, and beneficial results are manifest in the improvement of banking methods in chapter cities. In fact, the success of chapters in large cities has created the erroneous impression that the Institute is solely a city proposition, and correspondence instruction among country bankers has not thus far received the consideration that it deserves. The "Journal-Bulletin" is not only an indispensable agency in institute work, but serves the purpose of an interchange of information between employers and employees regarding the activities of all and thereby promotes the vocational harmony for which the banking business is justly noted. The executive council of the institute in whom its government is vested is composed of young bankers of exceptional capacity and conservatism, who are creditable alike to the membership whom they represent and to the American Bankers' Association, of which the institute is an important section. George E. Allen, educational director, has been indefatigable in this work and is entitled to much credit for what has been accomplished.

STATE SECRETARIES' SECTION.

The latest body to become affiliated with the parent organization is the various State associations, through their secretaries, in what is known as the State Secretaries' Section. This section has aided the association very materially in increasing its membership, in addition to many other factors which make for the good of the organization.

Each has its field of labor, officered by able, diligent, courteous and congenial men, with whom it is a pleasure to associate and to work, and each conscientiously carrying on his own prescribed duties.

COMMITTEES.

It must be clearly understood, however, that while the association is very much indebted to the work of its sections, and without detracting in any way from the great credit to which they are entitled in their various capacities, the association has also received very valuable assistance from its standing committees, which have always been active and energetic as occasion has demanded.

BILL OF LADING COMMITTEE.

The bill of lading committee, appointed seven years ago for improving the form of lading and obtaining legislation which would make these documents a better security for the banker, has been one of the most active and insistent of the association's committees; and while it has not met with ultimate success, results are gradually being obtained, through the indefatigable efforts



FRED E. FARNSWORTH

SECRETARY AMERICAN BANKERS' ASSOCIATION

on the part of the committee. During its existence the bill of lading committee has seen a uniform bill of lading in two forms for order and straight shipments recommended by the Interstate Commerce Commission and adopted generally by the railroads; it has seen the uniform Bill of Lading Act placed on the statute books of ten States, and it has seen a special bill of lading statute to safeguard these documents, framed by the general counsel of this association, enacted in four States prior to the time when the Uniform Bill of Lading Act was drafted. Among other great benefits of these laws is the providing of responsibility by the carrier for the act of his agent in issuing a bill of lading without receipt of the goods, which responsibility does not exist under the common law.

During the entire time of the existence

of the committee the first four years under the leadership of ex-President L. E. Pierson, as chairman, and the past three years under the able direction of Clay H. Hollister, an active campaign has been carried on for the adoption of similar legislation by Congress. In the Sixty-first Congress, in June, 1910, the Stevens bill, advocated by this association, was passed by an almost unanimous majority, but failed in the Senate. In the Sixty-second Congress the campaign has been vigorously urged. Three hearings were held last winter by the Senate committee on Interstate Commerce, at which was considered both the Stevens bill and the Pomerne bill, which is the State Uniform Bill of Lading Act adapted for Federal enactment. On August 21 the Senate passed the Pomerne bill unanimously and it now goes to the House. As your president was a charter member of the committee and served on same for four years, and therefore fully realizing its great importance, cannot impress upon you too strongly the urgent need of every member lending his most active support to the furtherance of this legislation at the short session of Congress next winter, so that it will not be necessary to wait another Congress to obtain a Federal law governing all bills of lading used in interstate and foreign commerce. It was the great loss to the banks and commission men which led to the appointment of this committee. These losses, which run into the millions of dollars, have continued along through recent years.

COMMITTEE ON AGRICULTURAL AND FINANCIAL DEVELOPMENT AND EDUCATION.

And now we come to the newest departure of the association—the Committee on Agricultural and Financial Development and Education, appointed at the New Orleans convention.

Although many bankers realize that their institutions are greatly dependent on the farms for their success, it was not until Joseph Chapman, Jr., brought the matter forcibly before the association that they had a true conception of its importance and deemed it within their province and really their duty to take some action looking toward the improvement of agricultural conditions.

The following resolutions presented by Mr. Chapman at the New Orleans convention gave the movement sufficient momentum in the association, so that I believe we can look for satisfactory results in the near future:

Resolved, That the American Bankers' Association, in convention assembled, hereby heartily endorses the movement started in several State associations looking toward improved agricultural methods, better farm life conditions, agricultural education for the farm boys and girls and Federal agricultural demonstration work.

Resolved further, That the president of this association appoint a committee of seven, to be known as the Committee on Agricultural and Financial Development and Education, to assist in the extension of this magnificent work.

The association advanced still another step in this direction when it appropriated \$2,000 for the use of the committee.

It is interesting to note the progress made in this movement, by a comparison of its two annual meetings. At the first session, held last year, only seven States were represented. At the second annual meeting, held at Minneapolis and St. Paul, August 7 and 8, twenty-four States were represented. At last year's meeting the bankers and educators who came to address the bankers, made up the conference; this year the field of education from university to common school sent in its undelimited men and women and the character of the gathering reflected the scope of influence of the first conference. Men from the Department of Agriculture at Washington and from the agricultural and vocational schools of many States were present as listeners. At the second annual conference the best authorities in the United States addressed the delegates, and the meeting was a most enthusiastic one, the proceedings of which were to be published immediately. The bankers are just beginning to become interested and to realize the great importance of this movement and the fact that agriculture is the basis of all wealth, and have been instrumental in a number of States in bringing about an agreeable change in educational institutions.

The committee of the American Bankers' Association and the committees from State associations spent a week in Washington in February and March of this year, appearing before the Senate committee on Agriculture and Forestry and before the House committee on Agriculture, urging Congress to appropriate sufficient money so that all of the States might receive the benefit from practical demonstrators going on to farms, the same as has been enjoyed by the Southern States for the past eight or nine years.

PROTECTIVE COMMITTEE.

The very able committee handling this work has devoted a large amount of valuable time and attention to it, but as the service is of necessity secret, it is impossible to give the members of the committee the credit to which they are entitled. I have but to call your attention to the large membership and the comparatively few depredations on members of the association and to the expeditious manner in which all cases are cared for to demonstrate this. This department is also constantly increasing its facilities for quick detection of

criminals, and its work in connection therewith is systematically dispatched. Each successive year has also demonstrated the fact that the American Bankers' Association, in its vigorous prosecution of criminals who prey on its members, is constantly becoming a greater deterrent to criminals.

ADMINISTRATIVE COMMITTEE.

The members of your administrative committee, in addition to holding several meetings in an advisory capacity to the general secretary in the interim between council meetings, have attended a number of State bankers' associations conventions in an endeavor to impress upon the members of such associations the value of affiliation with the parent organization.

LAW COMMITTEE.

Outside of its regular routine work this committee has spent a large amount of time and energy on the broad question of segregation of savings from commercial deposits in banks and trust companies and has held hearings in Detroit, Cleveland, Chicago, St. Paul, Des Moines, St. Louis, New Orleans, New York and Louisville on this question. Through the medium of these hearings and through investigations in other States, the committee covered quite fully conditions in twenty-four States holding a majority of the entire savings deposits of the country. After making these personal investigations the committee prepared a statement of conditions in these States, adding a summary of the argument for and against the special investment and segregation of savings deposits, which was sent to every member of the association, together with a question sheet designed to ascertain whether the members of the association were in favor of the further extension of the principle. In all, 3119 banks responded, of which 1447 were favorable and 1489 were adverse, from which it would appear that sentiment among the members of the association is about evenly divided on this subject. Their report has been printed in pamphlet form and may be had from the general secretary. As Michigan is the home of segregation, any members desiring information on the actual and practical workings of segregation can get the most complete information from the State banks of Detroit and other Michigan cities.

CURRENCY COMMISSION.

Your currency commission, along with the officers of the association, were called into conference with the National Monetary Commission in Washington on March 28, 1911, to consider Senator Aldrich's suggestions for monetary legislation. At a meeting of the commission, held before the conference, it was unanimously agreed that the plan suggested by Senator Aldrich was

founded on correct principles; that it is admirably adapted to present conditions, and that it will correct existing defects in our national banking system. That with further developments in some of its details it would be made thoroughly practicable. Later our commission discussed every feature of the plan, giving their reasons for the suggestions made and conclu-



J. FLETCHER FARRELL

TREASURER, AMERICAN BANKERS' ASSOCIATION;
VICE-PRESIDENT FORT DEARBORN NATIONAL
BANK, DES MOINES, IA.

sions arrived at. At a later date our recommendations were generally adopted in the revision of the plan reported by Senator Aldrich's committee. On May 2, 1911, James B. Forgan, vice-chairman, reported to the executive council at their meeting held in Nashville, submitting to them Senator Aldrich's plan as revised by our own commission. After careful examination the executive council, by resolution, unanimously approved the plan thus revised. Out of forty-six State bankers' associations over thirty have passed resolutions at their annual conventions also endorsing the plan. At the annual convention of our association in New Orleans, November 24, 1911, the convention adopted the following resolutions presented by the executive council, with one dissenting vote:

Resolved, That the American Bankers'

Association hereby gives its unqualified approval to the revised plan proposed by Hon. Nelson W. Aldrich, chairman of the National Monetary Commission, for the establishment of a co-operative agency of all the banks, to be known as the National Reserve Association of the United States.

We are confident that the high purposes actuating the National Monetary Commission assure the working out of the details in accordance with the sound principles stated in the plan, in such a manner as to gain the confidence and support of all classes.

A sound banking system will benefit the entire community and is therefore non-partisan. We urge Congress to so regard it and to deal with it as an economic question outside the domain of party politics.

Resolved further, That the officers of the association, together with the currency commission of the American Bankers' Association, are hereby instructed to submit the association's approval of the principles of the plan to the National Monetary Commission and to the committees of Congress to whom monetary legislation is referred.

It seems to be imperative that we should have, if possible, immediate action on this subject, and I most earnestly urge that every effort be put forth by our association for the passage of a good banking and currency bill, and that the currency commission's attention should be directed to the work of urging Congress to action at their next session, and their efforts should be supplemented and aided by the association members throughout the country, who should be asked to take the matter up with their congressional representatives in order that prompt and favorable action may be obtained on the plan submitted by the National Monetary Commission. In other words, that the association should "stand by its guns" in this important matter in the fullest sense of the word and should continue to support the bill as previously recommended and should again go on record as favoring its adoption.

MONEY REFORM.

I desire particularly to call the attention of the association to the bill recommended by the National Monetary Commission, which was created by Sections 17, 18 and 19, of "An Act to Amend the National Banking Laws," approved May 30, 1908.

LEGAL DEPARTMENT.

It is hardly necessary for me to dwell on the work of our general counsel. It speaks for itself. Many of your institutions are availing themselves of the opinions of the general counsel on various matters pertinent to banking. He acts in an advisory capacity on legal questions submitted by the sections, committees, the protective department and by members all over the country; to the legislative committees of State

bankers' associations in aid of their efforts to improve the banking laws of their respective States.

The constructive work covers drafts of laws for the law committee of the association, Mr. Paton having worked out a standard form of bank burglary policy which has been copyrighted and is now being used by the different companies, and work is now under way on a revision of the fidelity bond of the association. Mr. Paton, in addition to all of the above, appears for the association and its various adjuncts and committees in all legal matters.

JOURNAL DEPARTMENT.

The journal department, through its publication, the "Journal-Bulletin," disseminates association news to all of its members, adhering strictly to the purpose for which it was originally installed. It is also a medium for the exchange of ideas between the employed and the employers as represented by the institute and the association, and it is also of great assistance to the protective department in sending out warnings to the banks.

LIBRARY.

During the past year the association has added another department which was sorely needed, a library and reference department, under the management of an able librarian. Though it has been in existence but ten months, the service which it has been to the membership has justified its installation. Its material comprises books, documents, statistics, proceedings, addresses, magazine articles, clippings, pamphlets, advertisements and pictures. Its methods involve the securing of this material in various ways from widely-scattered sources, classifying, mounting, preserving and circulating it in accessible form. Its results show the loaning of said material to our members all over the country. That they fully appreciate the advantage afforded by this department is evidenced by the growing demand for information which is supplied by telephone, by messenger, at the library and by correspondence. Its book collection has been increased four-fold chiefly by gift and exchange.

NEW OFFICES.

To provide for these sections and new departments, space was taken on from time to time, until the offices had grown to large proportions, but were still inadequate and inconvenient. Your administrative committee, after a careful investigation of the situation, decided that new quarters would have to be secured, and the general secretary was authorized to negotiate for space which would be ample for some time to come. The new offices, on the twelfth floor of the Hanover National Bank building, were formally opened on Wednesday, July 10, at which time your president and chairman of the executive council, Arthur Reynolds,

were present. There was quite a large attendance, and among others, notably the South Carolina Bankers' Association, who were guests of New York bankers at that time. Those of you who have visited the rooms, I am sure, will agree with me that they are in keeping with the dignity of our great body.

GENERAL SECRETARY.

Your general secretary has been most earnest in his work, always with the interests of the association at heart, and has made a special endeavor to increase the membership of the association. That his efforts in this direction have been crowned with success is borne out by the fact that the increase during the past year is the greatest in the history of the association. His entire staff are both courteous and willing workers.

At the last annual convention of this association, my predecessor, President Watts, suggested and advised that the council dinner, which had previously really been a part of the convention, be abolished, as only a few participated in this special entertainment. It affords me pleasure to report that the executive council, at its meeting held at Briarcliff in May last, acted on Mr. Watts' suggestion and abolished the executive council dinner.

While the association has grown and added several sections, each carefully following its various lines and committees, the headquarters itself has neither stood still nor retrograded. As George M. Reynolds put it some time ago, "It is a veritable beehive of industry."

The results of the activities of the association during the past year speak for themselves. I believe we have nothing but hearty praise for all work accomplished, and I do not believe there is any need for the admonition, "Let the good work go on."

As to the future, I would say to one and all of you to lend your aid to the various committees, whenever you can do so conscientiously, also to the sections.

During my three years' official connection with the association, I have received nothing but the most hearty support and encouragement from my fellow-associates. It has been one harmonious period of activity in the interests of this great body, and I wish to express my deep appreciation of the courteous, kindly treatment I have always received at your hands.

CONVENTION NOTES, INCIDENTS AND COMMENTS.

—Theodore L. Weed, director of the postal savings system, expressed the view that the postal savings banks derived their deposits from persons who would not deposit in ordinary banks. He favored the removal

of the present limitation of \$500 on deposits of any one person in the postal savings banks.

—Edwin Chamberlain of San Antonio, Texas, made a strong presentation of the European land-credit facilities and greatly stimulated interest in that subject.

—A. J. Frame of Waukesha, Wis., proposed a resolution calculated to break up the present method of rotation in office, but



WILLIAM G. FITZWILSON
ASSISTANT SECRETARY, AMERICAN BANKERS' ASSOCIATION.

withdrew the resolution when it was agreed to appoint a committee to revise the constitution.

—Myron Campbell, cashier of the South Bend (Ind.) National Bank, favors an amendment to the National Bank Act permitting national banks to lend on real estate.

—Asa E. Ramsay of the First National Bank of Muskogee, Okla., the oldest bank in the State, said that in the past six years the banks of that city had increased their deposits from \$2,000,000 to \$7,000,000.

—As illustrating the present tendencies in education, the following story was told by Bradford Knapp of the Department of

Agriculture: A southern teacher gave to one of her boy pupils the following problem in mental arithmetic:

"If there were twelve sheep in a pasture and five of them should jump over the fence into an adjoining field, how many would remain in the pasture?"

To which query the boy promptly replied, "None."

"Why, no," said the teacher; "seven would remain."

"You may know a whole lot about arithmetic," retorted the boy, "but you don't know anything about sheep."

"What we want," said Mr. Knapp, "is a teacher who knows something about sheep."

—George W. Hyde, secretary of the Massachusetts Bankers' Association and assistant cashier of the First National Bank of Boston, believes in democracy in banking. Here is what he is reported as saying to one of the Detroit newspapers:

"The thing the bank has got to come to is the establishment of democracy between itself and its patrons. The bank that makes its smallest depositor as welcome as its biggest; that doesn't hesitate to be as cordial to a grimy, dusty toiler as to the immaculate gentleman whose father's death made him a millionaire, is going to make more money."

"That plan went into force in our bank and as a result in a very short time we jumped from \$40,000,000 deposits to \$76,000,000. It paid, and to-day the officers of the bank know more depositors by name and know more about them, and vice versa, than was ever dreamed of three years ago."

"Make the people you do business with know that you appreciate their part in building up the institution; let them know you know they're helping; that it's a mutual proposition. They'll take an interest themselves and your bank will grow big while the other one plugs along at the same old gait."

—Col. Robert J. Lowry, a former president of the association, president of the Lowry National Bank of Atlanta, Ga., and one of the best-liked bankers in the country, will celebrate his fiftieth wedding anniversary November 11. He says his wife must have been very patient to put up with him so long, but his friends set that down to his modesty.

—The secretary's annual report showed the actual net gain in membership for the year ending August 31 to have been 1,581.

—San Francisco would be an appropriate place for the 1915 convention. Some think the Fair would detract from the interest in the convention; but, on the other hand, it would bring many to the

convention that would not otherwise come. The 1915 convention ought to be international in character, and San Francisco is the place for it.

—"I have tried," said George M. Reynolds, former president of the American Bankers' Association and president of the Continental and Commercial National Bank of Chicago, "to diffuse an atmosphere of courtesy through our bank. Life is too short for any other policy; besides, from a purely business point of view, it doesn't pay. We aim to make friends of those to whom loans must be refused as well as those whose applications are granted." Mr. Reynolds is president of a big bank, but he does not regard his bank as too big to need all the friends it can get.

—Detroit's many large and fine banks especially impressed those who had never visited the city before.

—The most prominent point in Detroit's sky line is the new building of the Dime Savings Bank—a twenty-three-story skyscraper.

—Total membership of the association on August 31, 1912, was 13,323.

—Income of the association for the past year (partly estimated) \$219,073.38.

—On September 1, 1912, the association's credit balance, as shown by the treasurer's report, was \$3,992.88.

—Evidently the newspapers look upon the bankers attending the convention as men of great wealth. This is a mistake. The average attendant at the convention is far from being a rich man. The newspapers generally, in reporting the conventions, seem to lay too much stress on the money represented.

—Detroit gave the visiting bankers a "warm" reception—much too warm for comfort. But that was not the fault of the Detroit bankers. The weather man did it.

—As usual the biggest feature of the convention was the meeting between friends in the lobbies of the hotels.

—An excellent feature of the association's work is the attention being given to agricultural credit and to bettering our system of farming.

—A visit to the plant of the Burroughs Adding Machine Company was one of the interesting features of the convention. A luncheon was served by the company, an orchestra furnished music, and both the

ladies and gentlemen present were given appropriate souvenirs.

—California bankers dispensed hospitality with a lavish hand. Frederick H. Colburn, secretary of the California Bankers' Association and assistant manager of the San Francisco Clearing House, gave to each visitor a sample of some of the many fine products of the State.

—The Detroit "Free Press" tells of an interesting meeting of the former presidents of the association in the office of George H. Russel, president of the People's State Bank, and president of the Detroit Clearing-House Association. Those who were present included Logan C. Murray, president of the American National Bank, Louisville, Ky., and president of the A. B. A. in 1886, its senior living past president;

Col. Robert J. Lowry, president of the Lowry National Bank, Atlanta, Ga., president of the A. B. A. in 1896; Col. J. D. Powers, vice-president of the Third National Bank, Louisville, Ky., and president of the A. B. A. in 1907; Lewis E. Pierson, president of the Irving National Bank, New York, and president of the A. B. A. in 1909, and F. O. Watts, vice-president of the Third National Bank, St. Louis, president of the A. B. A. in 1910. Mr. Russel, president of the A. B. A. in 1898, completed the group of a half dozen past presidents.

The seventh past president in Detroit at the time was George M. Reynolds, president of the Continental and Commercial National Bank of Chicago, who was president of the A. B. A. in 1908. He visited Mr. Russel earlier in the day on which the reunion referred to took place.

FALSE STATEMENTS FROM BORROWERS

ATENTION is called to the following act recently passed by the Legislature of the State of New York:

Laws of New York, Chapter 340. An act to amend the penal law, in relation to larceny. Became a law April 15, 1912, with the approval of the Governor. Passed, three-fifths being present.

The people of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Article one hundred and twenty-two of chapter eighty-eight of the laws of nineteen hundred and nine, entitled "An act providing for the punishment of crime, constituting chapter forty of the consolidated laws," is hereby amended by inserting a new section, to be section twelve hundred and ninety-three-b, and to read as follows:

§ 1293-b. Obtaining property or credit by use of false statement. Any person

1. Who shall knowingly make or cause to be made, either directly or indirectly, or through any agency whatsoever, any false statement in writing, with intent that it shall be relied upon, respecting the financial condition, or means or ability to pay, of himself, or any other person, firm or corporation, in whom he is interested, or for whom he is acting, for the purpose of procuring in any form whatsoever, either the delivery of personal property, the payment of cash, the making of a loan or credit, the extension of a credit, the dis-

count of an account receivable, or the making, acceptance, discount, sale or endorsement of a bill of exchange, or promissory note, for the benefit of either himself or of such person, firm or corporation; or

2. Who, knowing that a false statement in writing has been made, respecting the financial condition or means or ability to pay, of himself, or such person, firm or corporation in which he is interested, or for whom he is acting, procures, upon the faith thereof, for the benefit either of himself, or of such person, firm or corporation, either or any of the things of benefit mentioned in subdivision one of this section; or

3. Who, knowing that a statement in writing has been made, respecting the financial condition or means or ability to pay of himself or such person, firm or corporation, in which he is interested, or for whom he is acting, represents on a later day, either orally or in writing, that such statement theretofore made, if then again made on said day, would be then true, when in fact, said statement if then made would be false, and procures upon the faith thereof, for the benefit either of himself or of such person, firm or corporation, either or any of the things of benefit mentioned in subdivision one of this section.

Shall be guilty of misdemeanor and punishable by imprisonment for not more than one year or by a fine of not more than one thousand dollars, or both fine and imprisonment.

Sec. 2. This act shall take effect September first, nineteen hundred and twelve.



THE SALT LAKE CITY CONVENTION—AMERICAN INSTITUTE OF BANKING

By George E. Martin, Publicity Manager Seattle National Bank, Seattle, Washington

EDUKATION subordinated all other topics of discussion before the tenth annual convention of the American Institute of Banking, which convened in the ballroom of the Hotel Utah, at Salt Lake City, Wednesday, August 21. President of the Institute, Raymond B. Cox, assistant cashier Fourth National Bank, New York, sounded the keynote at the very beginning of the convention when he declared, "This is not a meeting of bankers, but an institute of students of banking, gathered together for educational purposes solely."

The first session of the convention was called to order by the president Wednesday morning at 10.45 o'clock.

Less than two-thirds of the delegates were in their places. The Chicago special, carrying the representatives of Eastern and several Western chapters, did not arrive until noon. After Rev. Francis B. Short had delivered the invocation, the delegates, standing, sang "America."

Addresses of welcome were made in behalf of the State of Utah by Governor William Spry; Salt Lake City, by Mayor Samuel C. Park, and the banks of the city, by W. S. McCornick, president McCornick & Company, bankers. Carroll Pierce, chairman of the executive council of the institute, responded to the addresses of welcome.

"We believe you represent," Gover-



nor Spry said, "the class of citizenship that is doing things in this country. For this reason, we welcome you to Utah, because we are engaged in a great work of development here. We want you to know us better and we would like to know you better. When you return to your homes we hope that you will feel that the people of this great state have impressed you with the things that they are doing so splendidly."

Mayor Park told of the many attractions of the city—its uniformly wide streets running at right angles to each other, with streams of water flowing down either side of them; its delightful climate, which is never extreme in winter or summer, and its pure air and water. "We are supplied," he said, "with water from the everlasting snows in the mountains which surround this city, and which is piped directly from the canyons to the homes of the people.

We have miles of pavements, sewers and street car systems, and are eagerly building more as fast as the seasons will permit."

Mayor Park spoke also of the wonderful thermal springs, the Great Salt Lake, the mines of copper, iron, gold and silver and the smelters, several of which rank with the largest in the world. He pictured the farms and gardens which supply the local market and export large quantities as well. He said that these farms were situated in valleys threaded by rivers supplying canals with water for the great irrigation systems of the state.

"Your work," the mayor continued, "is particularly timely, for no question is of greater importance to the civilized world than the means and mechanism of exchange.

"Through your hands and those whom you represent, passes the life-blood of the nation. You hold its arte-



ries within your grasp, and upon the systems for which you are sponsors depend the growth and prosperity of the country."

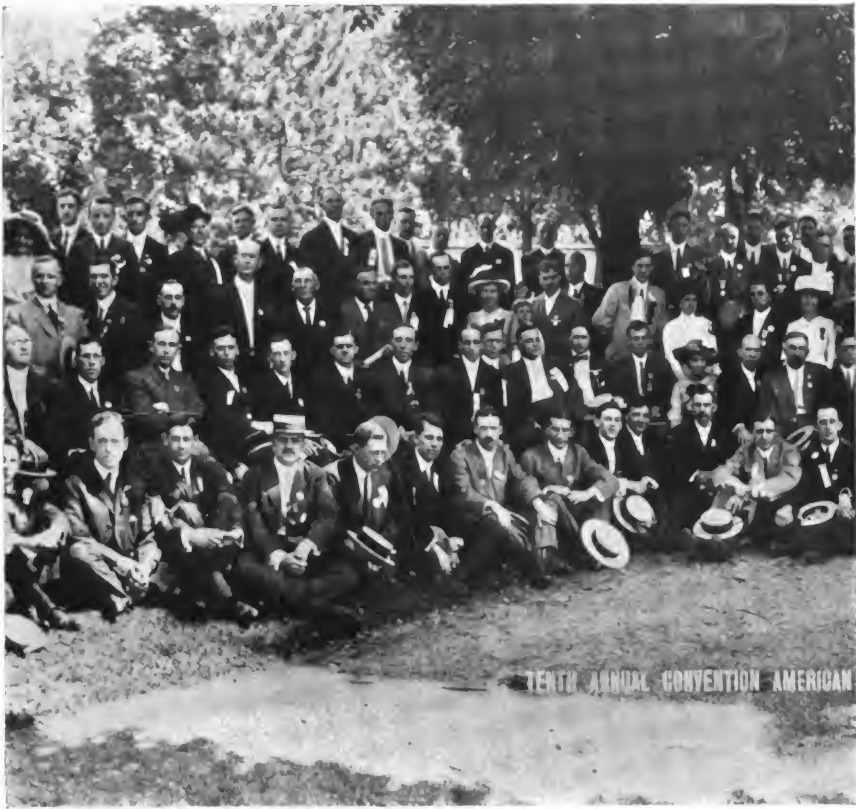
Mr. McCornick, after discussing the value of bankers' conventions to the country at large, said, in part:

"If we treat you as well as we want to, if our citizens extend to you those considerations and courtesies which should be accorded so distinguished a body of visitors as compose this convention of the American Institute of Banking, I am sanguine your impressions of our city and surroundings will not be unfriendly; and, as you return to your widely dispersed homes, these impressions will find expression in a diffusion all over our nation of a better feeling toward the West because of your better knowledge of our people and their aspirations."

Mr. Pierce in his response spoke briefly. "We are glad," he said, "to

visit such a beautiful city, and to feel that we are welcome here. I am sure that the words of Governor Spry, Mayor Park and Mr. McCornick ring with sincerity. I thank them and say to them that the members of the national organization appreciate the warm and cordial greetings that have been extended. We are proud to know that a man of such prominence in the financial world as Mr. McCornick gives up his business affairs and lays aside his work in order to come here and address us. I am sure that we will leave your city with regret, and I anticipate that we will have a most successful convention."

Educational Director George E. Allen, acting as secretary in the absence of A. C. Dorris, who was on the Chicago special, then read several telegrams and letters from prominent bankers of the country, regretting their inability to be present at the convention. One

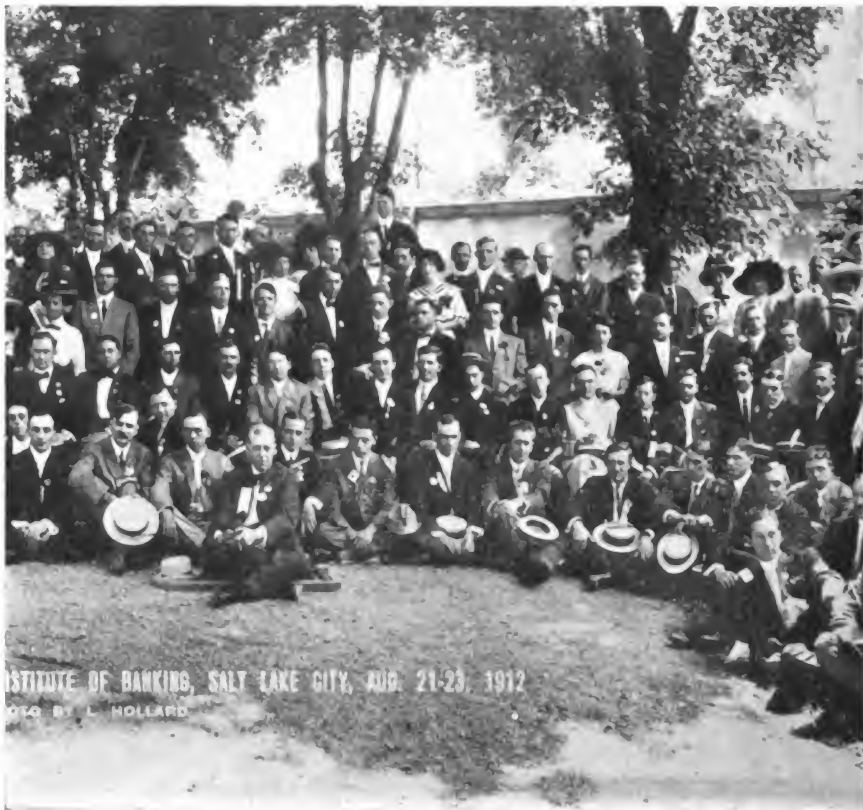


letter was from Colonel F. E. Farnsworth of New York, secretary of the American Bankers' Association, who was to have brought the greetings of that organization. This is the first time Colonel Farnsworth has missed a convention of the Institute since 1906. His absence was made necessary by the nearness of the annual convention of the American Bankers' Association.

The presentation of a new gavel made of walnut, suitably engraved, to President Cox by Q. B. Kelly of Salt Lake City in behalf of his chapter, was one of the happiest events of the convention. In a short but effective speech Mr. Kelly told of the historic significance of the material that entered into its composition.

By 2 o'clock, when the afternoon session was called to order, all delegations had arrived, and practically all of them were in the convention hall. President Raymond B. Cox delivered

his annual address. He reviewed the progress of the Institute up to the present time, calling attention to its main purposes. "The most serious problem," he said, "which has confronted the present administration has been the growing popularity of public theatrical performances under the joint auspices of chapters and professional promoters, and I present for the consideration of this convention the declaration that such performances are in violation of the spirit and letter of our constitution and are detrimental to the purpose for which we are organized. I trust that every delegate in attendance at this convention will return to his chapter with the conviction that the complete success of his chapter efforts depends upon strict adherence to its avowed purpose, so that my successor will never hear, as I have so often this year, the expression 'educational features,' insinuating, as it does, that it is



but a part of a general plan. Members of the Institute may wonder why their officers dwell so continually on this point. It is because these officers in their varied experience have learned so well that on that policy, and on that only, will the Institute or any of its chapters succeed."

President Cox urged that the officers of the chapters keep themselves informed upon all work of the Institute. He then spoke of the Institute certificate, the post graduate courses planned, and the extension of the educational system by means of correspondence, so that the bank man in the country bank can have equal opportunity to develop himself with the bank man of the city. He declared with great emphasis, "It is not enough that the Institute should merely provide the bank man with the facilities for learning the fundamental principles and methods of his profession; it should be prepared to lead him

into the most advanced thought and intricate problems. The day should not be far distant when the best bankers and highest financial authorities in the country will be products of the Institute."

It is seldom that extraordinary enthusiasm takes possession of a convention outside of those of the great political parties. But from the first fall of the gavel to the final adjournment of the Institute convention, during three days of work and pleasure, enthusiasm seemed unbounded—harmony and good will underlaid everything. It seemed to be in the very atmosphere of this delightful city. What a stimulating influence was the generous, cordial hospitality of the splendid people of Salt Lake City and the energetic chapter, of which it can well be proud.

Every mention of the educational purposes of the Institute by the president and other speakers was greeted



with prolonged applause. The tribute paid Educational Director George F. Allen by President Cox was met with cheers.

"It has been the custom each year," he said, "for the president in his annual report to pay his personal tribute to the educational director. I have often thought that this was probably prefatory and considered but one of his official duties. I make this confession publicly that I may be more sincere in the expressions which I feel. As a result of the innumerable visits which I have paid to his office, the frequent discussions which I have held with him over the affairs of the Institute and the close personal contact which I have enjoyed, I close my connection with the Institute with a genuine love for the man himself, with the highest admiration for his genius and ability, and with the consciousness of the debt which the Institute owes to

him for his conscientious devotion to its success and the years which he has sacrificed in its behalf. I realize, though, that he is but a part, though a big part, of that movement that has brought success to so many ambitious young men in the past, and which, I trust, will be the development of greater men in greater numbers in the future."

Following the address of the president the reports of the chairman of the executive council, Carroll Pierce, the secretary, A. C. Dorris, and the treasurer, C. S. Diltner, were read.

Mr. Pierce confined his report mainly to recommendations for the general welfare of the Institute, and gave the results of the labors of the executive council during the past year.

The report of the secretary showed that the Institute had grown from 11,000 members in 1911 to 12,372 at the present time; that the chapters have

increased from 60 to 75, and the number of graduates from 309 to 501. The report of the treasurer was not complete, as the fiscal year of the Institute does not end until September 1st. It gave evidence, however, of the fact that the financial affairs of the Institute are in a satisfactory condition.

Hon. Duncan McKinlay, surveyor of customs, San Francisco, addressed the convention on the subject, "The Old



BYRON W. MOSER

UNION TRUST COMPANY, ST. LOUIS, MO.
ELECTED PRESIDENT AMERICAN INSTITUTE OF
BANKING

West and the New." His speech was the foreshadowing of the eloquence which distinguished every session of this gathering of the bank men of the nation.

He analyzed the world movements and pointed out how the star of empire and civilization has ever moved westward. He also described the differences which now exist in the new West in comparison with the old, and showed what vast room is left for still further development.

"We see in the reclamation and irrigation systems of the interior," he con-

tinued, "and the consequent development incident to their construction, the shifting of vast masses of population into these fertile regions. And we recognize in the rapid development and progress of Alaska, the wisdom of the statesman Seward, who, in 1867, purchased that important territory for a sum of money less than is taken from one of her mines in a year's time. But Seward was an optimist and saw that in time Alaska would become one of the most valuable possessions of the United States. And his wisdom and statesmanship have been fully justified by the fact that within the last ten years, Alaska has turned out from her mines and fisheries more than \$800,000,000 of wealth, and that volume is increasing every year as the country is developed.

"In effect, the people of the West are beginning to understand that the Pacific Ocean and the countries surrounding that great sea must become the most active arena of commercial and industrial operations on the globe. The Asiatic nations, numbering more than 800,000,000 of people, are at last throwing off the sluggishness and lethargy of thousands of years of inactivity and over-conservatism, and are beginning to realize the significance of twentieth century civilization.

"And in the midst of all this stands the United States, particularly the western part of it, situated in a position of strategy and command in the very centre of the world operations of the future, and in the direct channel of trade between Europe and Asia.

"These influences, coupled with those that have already been detailed, must make the West and the Pacific seaboard in time the dominant portion of our country, and open wide the door of opportunity to tens of millions of American citizens yet unborn."

Judge Edward F. Colburn of Salt Lake City, in speaking on "The West—Its Mining Industry," pronounced a serious tribute to Brigham Young and Utah's famous pioneers. He held his audience in a spell while he recited the facts of the westward march of the

Mormons and later the wonderful growth of the mining industry. "The miners of the West," he said, "have done a mighty part in the development of the entire country and they have borne their hardships with cheerful spirit."

James K. Lynch, vice-president First National Bank, San Francisco, who had been assigned the subject, "The West—Its Banking Possibilities," was unable to be present. His paper was read by William A. Day, assistant cashier Savings Union Bank and Trust Company, San Francisco. Mr. Lynch advocated in his paper the National Reserve Association, as proposed by the National Monetary Commission.

J. W. Bradley of the old National Bank, Spokane, Wash., and vice-president of the Institute, presided at the Thursday morning session. He introduced O. Howard Wolfe of New York, the secretary of the clearing house section of the American Bankers' Association.

Mr. Wolfe announced the winners of the prizes offered by the American Bankers' Association for papers on a system for analysis of incoming transit items and described by numbers instead of names. The first prize was won by Victor L. Palmer of San Francisco. Leo Shapirer of Portland, Oregon, secured the second prize. The winning papers were later read by Secretary Dorris.

Mr. Wolfe, in presenting the "Numerical Transit System" before the convention, declared very forcibly that the clearing house section of the American Bankers' Association was not asking the banks and trust companies of the country to use the system, but was simply asking them to have stamped on all their checks, drafts and certificates of deposit their individual transit number so that those banks who wished to use the system could do so. He described at length how the adoption of the system would especially facilitate the enormous checking business transacted in the big banks of the large cities.

Roscoe P. Sears, auditor of the

Cleveland National Bank, read a paper in favor of the numerical system. Over 9000 banks, he said, were using it.

Jerome Thralls, manager Kansas City Clearing House Association, addressed the convention on "The Extension and Development of the Clearing House System." He reviewed the history and growth of the system and de-



HARRY V. HAYNES
WASHINGTON, D. C.

ELECTED VICE-PRESIDENT AMERICAN INSTITUTE
OF BANKING

scribed what is known as the country clearing house.

Taking the Kansas City Clearing House Association as an illustration, he said that it was "a voluntary organization of the banking institutions of Greater Kansas City, and its objects and purposes were to facilitate the handling of business between its several members and clearing banks, to facilitate the handling of business between these institutions and banks and trust companies of other localities, and to foster and encourage sound and conservative banking methods."

Mr. Thralls stated that the accomplishment of these objects was undertaken through three departments: First, the city department, which provides for the exchanges of local bank items; maintains a depository in which the members store gold coin and United States gold certificates; issues in lieu of said coin and certificates, clearing house gold certificates, which pass current among members; makes loans to mem-



H. J. DREHER

MANAGER BOND DEPARTMENT MARSHALL &
HISLEY BANK, MILWAUKEE, WIS.
CHAIRMAN PROGRAMME COMMITTEE FOR THE
1912 CONVENTION

bers in stringent times (done in 1907 only); formulates and enforces rules on exchange and collection charges, and handles the general business of the association. Second, the country department, which collects out-of-town cash items for the members on 5600 banks, including those of Colorado, Kansas, Missouri, Nebraska, New Mexico, Oklahoma and Texas. During the present year it sent circulars to all banks in the immediate territory encouraging the

testing of seed corn and showing how such tests are made. It did some very effective work in the vocational educational movement and the Universal Numerical System; and third, the auditing department, which conducts rigid examinations of all banks having the privilege of the clearing house; prevents, in many instances, the over-extension of credit; imposes a hindrance to the financing of illegitimate schemes; undertakes to make banking in Greater Kansas City clean, sound and conservative, thereby benefiting not only the clearing house banks, but all business interests of the community.

The fourth session of the convention was called to order at 10 o'clock Friday morning by President Cox. Hon W. E. Borah, United States senator from Idaho, was to have made an address on "The Control of Industrial Combinations Engaged in Interstate Commerce." Because of the delay in the adjournment of Congress he was detained at Washington, and Judge William H. King of Salt Lake City substituted in his place. Judge King spoke on the same subject, his address sparkling with epigrams that brought forth frequent applause.

"The question of combinations of trade is not a new one. It is the problem of the day," he declared. "In former times the people thought of civil and political freedom. They recognized their rights and they were written in the constitution of the country. Now the problem has come to be that of industrial and economic liberty. How best to preserve industrial liberty is the principal question that confronts us as a people."

Judge King said he believed that the right kind of legislation would solve the great problems of the present time and that he optimistically looked forward to such legislation, when combinations which are criminal and in restraint of trade would be dissolved, never to rise again.

The programmes of the different sessions of the convention had been unusually varied and interesting. It seemed like one great series of climaxes.



REPRESENTATIVES SEATTLE, WASHINGTON, CHAPTER, AMERICAN INSTITUTE OF BANKING

From Left to Right, Standing:—George R. Martin, Publicity Manager Seattle National Bank, L. H. Woolfolk, Assistant Cashier Scandinavian American Bank; William Bow, Auditor Dexter Horton National Bank; R. H. MacMichael, Manager Bond Department Dexter Horton National Bank.

Sitting:—C. R. Harris, Scandinavian American Bank; J. C. Glass, Bank of California National Association, President Seattle Chapter; Mrs. J. C. Glass; R. P. Callahan, National Bank of Commerce, Secretary Seattle Chapter.

No effort was needed to draw the delegates to the splendid convention hall. They came eagerly and on time, and they stayed when they came throughout each session. When Dr. David Starr Jordan, president of Leland Stanford, Jr., University, who followed Judge King, arose to discuss "International Peace as a Factor in the Extension and Development of American Banking Power," the convention hall was crowded to capacity, many friends and guests of the delegates being in attendance by courtesy of the convention. The address of Dr. Jordan was the last of the formal speeches. Perhaps no more masterful address was ever

listened to in a convention of the American Institute of Banking, or one which stirred an audience more deeply.

In part Dr. Jordan said:

EXTRACT FROM DR. JORDAN'S ADDRESS.

I hope to show to-day a number of things in regard to debt, banking, pawnbroking and democracy, and their relation to war and peace. I hope to show that banking as we know it is a product of democracy, that it is opposed to war and waste and debt, and that pawnbroking came before banking and its purpose was to promote these very evils, war, waste and debt, that the rise of the pawnbroker came in the transition stage from absolute monarchy to government by the people.

I wish to show that the wars of the

last century would have bankrupted civilization if it had not been for the pawnbroker who took in pawn the earnings of the world for a century to come.

I wish to show further that the steady rise in the cost of living, since 1897, the steady loss in the purchasing power of gold and the corresponding rise in interest rates is a world-wide matter, due to no local cause.

I wish to show finally that it is due primarily to the doubling of the taxes of the civilized world since 1897. To pay his taxes the middleman must increase his profits, and the final stress falls on the group which is the weakest. I shall show that this increase of taxes has been solely in the interest of war, war scares and war preparation; that the huge armies and navies of the world in no way make for peace, but that international wars can never occur again, because all the great nations, our own excepted, are in debt to the limit to the unseen empire of finance, while on the other hand the network of banking, of commerce, of civilization, of common interest, is already so close as to forbid all forms of war between civilized nations. There will be civil wars, no doubt, until courts and congresses are everywhere established, and there will be the strangling of Persias and trumpery attacks on wild tribes in Africa. But we may rest assured that the Franco-Prussian war is the last of its kind. The credit of the world, its civilization, its commerce, its banking, could not stand another.

MONEYLENDER RULES.

The rule of the pawnbroker began with our revolutionary war. Before that time his business was precarious, with huge profits and crushing losses. Kings were bad pay; their credit was poor and they could not borrow much at a time. But the credit of the parliament was better, and from a pawnbroker in Frankfort-on-the-Main, the parliament of England borrowed the money to pay the Hessians. With the profits, some \$400,000, on this transaction, Mayer, called Rothschild the pawnbroker of the Landgrave of Hesse Cassel, was established in his larger business. He became "uncle" of the King of Denmark. He took England in pawn to furnish means for her struggle against Napoleon. He saw Napoleon "submerged by a wave of British gold" and his sons saw her in debt to themselves and their associates of the unseen empire of finance to the sum of nearly \$4,000,000,000.

On this sum the people of Great Britain have paid about \$140,000,000 per year of interest ever since. They will go on paying to the end of the present regime of debt and waste. As matters are, the debt will never be paid, the debt can never be paid, and only occasionally by the government called liberal has there been any attempt to reduce it. All this money was borrowed for

war. The bonded debt of the world is, with trifling exceptions, all war debt. Where money is borrowed for other purposes it is because the revenues have been used for war.

The two tools of financial tyranny have been deferred payments and indirect taxation. By the last, the people never know what they pay or what they pay it for. By the former, all debt is shoved off on the next generation. This generation pays only the interest. By this means, it is said, we have gone far beyond the kindergarten stage of living beyond our means. The civilized world is living beyond the means of the fourth generation. If we knew what we were paying for the State of Utah we would think twice before paying \$7,000,000 a year for the support of the army and navy, besides more than \$2,000,000 additional for pensions, without asking some questions as to the need for all this expense, and without suggesting to somebody that there might be room for economy.

CONCRETE EXAMPLES.

If Salt Lake City could get back some part of the \$800,000 she pays every year to be insured against an attack from Europe, it might help a bit in her financial development.

England went first in debt; France went farther with about \$6,000,000,000; Russia with \$5,000,000,000; Italy with \$3,000,000,000; Spain with \$2,000,000,000; Japan with \$1,300,000,000; the United States with \$1,000,000,000. The bonded war debt of the world, "the endless caravan of ciphers," is now \$37,000,000,000. The interest on it is about \$1,250,000,000 per year, and both debt and interest and interest rates are growing, while the bonds themselves stand at about eighty cents on one dollar, a fact which is putting an end to the business of "giant pawnbroking."

But the battle will never begin again. The nations controlled by the unseen empire may bluster and threaten, but they will never go any farther until those who control their credit come forth from their strong boxes in London, Paris, Berlin, Vienna and New York, "and tell the fighters to fight." There is no profit in war any more to anybody but contractors and ghoul. War means waste, and in the words of a New York dealer in international securities, "A banker does not naturally look with favor on the destruction of property."

In discussing the high cost of living in America, most of our people confuse three or four different things. "The cost of high living" doubtless affects those who live beyond their means. If a man mortgages his house to buy an automobile, it may embarrass him, but it does not impoverish his neighbors, unless they lose their heads and follow his example. These things do not raise the price of luxuries, they rather tend

to cheapen them by producing them on a larger scale

It is true that we in America are growing more to like comfort, cleanliness and safety when we travel or when we stay at home. We like to save our time by costly accessories if necessary, and the average man lives on a scale of comfort and decency unknown to the average man of Europe. But if we can afford it, and we surely can—why not? It does not make any harder the lot of the man who cannot or will not follow the prevailing fashions. These fashions have their bad sides and their good sides, but I need not discuss them here. They have nothing to do with the rise in the cost of living.

EFFECT OF TARIFF.

The protective tariff is not the cause. Its purpose is to raise prices and it does this in those lines of industry where it affords leverage for some degree of monopoly. Its purpose is to shut out foreign competition. This effect may be neutralized by home competition. Whatever its results, it is a kind of special privilege, and as such it is opposed to the theory and practice of democracy. It is opposed to sound economics, and its only justification lies in the fact that the uprooting of vested wrongs harms likewise vested rights. But while the tariff causes high prices, it does not cause a steady rise in prices, for the tariff has been substantially unchanged through all the economic vicissitudes of the past fifteen years. It is with 1897, with the cost of the Boer war, with the steady increase of military expenses, that the rise in the cost of living properly begins.

It is a world-wide matter felt perhaps in America less than anywhere else, because our people are farther from the bread line than those of any other of the great countries, commonly called powers because of the mischief they could do should they again "run amuck."

When I was in Japan, not long since, an editor came from Osaka, more than 100 miles, to ask me why the cost of living in Japan had risen so that a farmer could not eat his own rice, after paying his taxes. It was not because of the cost of high living; there are but 200 automobiles in all Japan. Lafcadio Hearn says that the farmers of Japan wade in water up to their knees half the year to produce rice they cannot afford to eat, buying cheaper rice (and living on three-quarter rations), in order that Japan may keep her place among the great powers. I have seen the same conditions in rural Austria, in northern Italy, in England. Bread riots, tax riots, wage riots, the rise of unrest all over Europe have their primal cause in tax exhaustion. Excessive taxation crowds the middleman, the merchant, the butcher, the baker. He raises his prices if he can. He cannot help doing it, but the final stress falls on "the man

lowest down." And this man bears the burden of idle armies, of useless navies, of hectoring diplomacy, of war scares started by armament syndicates, of all the burdens laid on democracy by the forces of outworn savagery and waste.

Because the future dollar will have less purchasing power than the dollar of to-day, the rate of interest rises, when it ought to fall. Government bonds are no longer em-



REPRESENTATIVES CLEVELAND CHAPTER
AMERICAN INSTITUTE OF BANKING

Standing, from Left to Right:—T. J. Champion, First National Bank; R. P. Sears, Cleveland National Bank; W. H. Kinsey, Citizens Savings and Trust Company; W. H. Miller, Union National Bank; Mrs. L. J. Kaufman; L. J. Kaufman, Guardian Savings and Trust Company; C. L. Corcoran, Central National Bank; C. W. Stansbury, Garfield Savings Bank Company.

Sitting, Left to Right:—G. A. Cherry, Guardian Trust Company; P. J. Slach, Chairman, Broadway Savings and Trust Company; H. J. Pratt, First National Bank.

blems of stability. The conservative banks, resting their credit on government bonds and gilt-edged securities, must change their methods or go to the wall, as the great Birkbeck bank of London has already done.

Only the United States can lead the way out of medieval savagery and waste, and unless that way is followed, we shall find in the rising cost of living the symptoms of the coming bankruptcy of civilization.

An immediate need is the appointment of a civil commission in the United States which shall give a definite purpose to what we call "national defense." No one can justify gigantic expenditures blindly under-

taken. In every nation to-day all military matters are out of the control of reason or of finance. It is not necessary for us to strive for ideal perfection of defense against unknown or imaginary foes. No nation would attack us if it could; none could if it would. It is not necessary for us to pay out a million dollars a day because two other nations (the sublime folly of the age) are doing the same thing. And finally, we should not take our advice in these matters solely from interested parties.

The most powerful, the most unscrupulous lobby that ever existed on earth is that of the armament syndicates of Europe. We do not need in America to ask these nor their representatives to grant us the blessings of frugality and peace.

President Cox opened the fifth and last session of the convention by calling upon deputy bank commissioner of Idaho, W. L. Huyette, for a few remarks. The reports of the various committees were then read and approved. B. W. Moser of St. Louis read the report of the national publicity committee, Craig B. Hazlewood, assistant secretary Union Trust Company, Chicago, spoke for the committee on correspondence instruction, and J. E. Rorensky, First National Bank, Pittsburgh, made the report for the committee on the proposed amendments to the constitution, recommendations of which were embodied in the report of the chairman of the executive council presented before the convention at the first session.

The reading of the amendments provoked some minor discussion upon the floor of the convention, but they were finally adopted by a unanimous vote.

The new changes in the constitution advance the cause of education to the highest degree it has yet attained in the Institute. "A system of post-graduate study has now been established for Institute graduates and others who desire educational work supplementary to the standard course of study upon which the Institute certificate is based." The change in the government of the Institute requires that hereafter election to the executive council from the "Fellow" class must come from the convention and not the "Fellows," and "Fellows" to be eligible for election must be certificate holders.

The following are the amendments adopted:

Resolved, That the constitution of the American Institute of Banking Section of the American Bankers' Association be and hereby is amended so as to read as follows, to become effective when approved by the American Bankers' Association:

Article I. The American Institute of Banking Section of the American Bankers' Association shall be devoted to (1) the education of bankers in the theory and practice of banking and such principles of law and economics as pertain to the banking business; (2) the establishment and maintenance of a recognized standard of banking education by means of official examinations and the issuance of certificates of graduation.

Article II. A system of post-graduate study shall be established for Institute graduates and others who desire educational work supplementary to the standard course of study upon which the Institute certificate is based.

Article III. Members of the Institute shall consist of duly authorized chapters whose individual members shall subscribe for the official publication of the Institute through their respective chapter treasurers at the rate of seventy-five cents a year, payable in monthly installments. Duly enrolled students and graduates of the Institute outside the confines and suburbs of chapter cities and not members of any city chapter shall constitute the Correspondence Chapter.

Article IV. Fellows of the Institute shall consist of Fellows already constituted and such Institute graduates, not exceeding fifty annually, as may be elected by the Institute Executive Council. Fellows shall pay to the Institute annual dues of two dollars.

Article V. Associate members of the Institute shall consist of institutions that are members of the American Bankers' Association. For each Associate Member of the Institute thus constituted the Institute will accept from the American Bankers' Association annual dues of seventy-five cents, payable in monthly installments.

Article VI. The Institute shall hold an annual convention at such time and place as may from year to year be determined, in which convention each chapter shall be represented by delegates on the basis of one delegate for each twenty-five members or fraction thereof and one delegate-at-large, computed in accordance with the records of chapter membership in the general office of the Institute thirty days before such annual convention. Members of the Correspondence Chapter who are Institute graduates shall be entitled to vote individually at any Institute convention upon personal attendance.

Article VII. A president, vice-president,



DELEGATES OF THE SPOKANE, WASHINGTON, CHAPTER AT THE AMERICAN INSTITUTE OF BANKING CONVENTION

From Left to Right:—C. E. Cooper, Fidelity National Bank; W. N. Baker, Northwest Loan and Trust Company; Joseph Bailey, National Bank of Commerce; Joseph W. Bradley, Old National Bank, Vice-President of the American Institute of Banking, 1911-12; W. H. White, Spokane and Eastern Trust Company; Thomas H. Keown, Bank of Montreal; Thomas Rohalt, Traders National Bank.

secretary and treasurer of the Institute shall be elected annually by the Institute in convention from chapter members, and no incumbent of any of such office shall be eligible to consecutive re-election to the same office. Officers of the Institute thus elected shall serve for respective terms of one year or until their successors are elected and qualified.

Article VIII. The government of the Institute shall be vested in an Executive Council of seventeen members, consisting of (1) the ex-president, president, vice-president, secretary and treasurer of the Institute, ex-officio; (2) six members of the Executive Council elected by the Institute in convention from chapter members, so arranged that two may be elected annually for three years; (3) six members of the Executive Council elected by the convention from Fellows, so arranged that two may be elected annually for three years. Members of the Executive Council shall be ineligible to consecutive re-election.

Article IX. The Executive Council shall meet in annual session on the day before the annual convention of the Institute. The Executive Council shall also meet immediately upon adjournment of the annual convention of the Institute and from members thereof other than the president and vice-president elect a chairman and vice-chairman qualified to represent the Institute in the Executive Council of the American Bankers' Association. At other times

the Executive Council may transact business by mail.

Article X. The Executive Council shall appoint an educational director and other employees as required to serve during its pleasure. Under the administration of the Executive Council, the educational director shall (1) direct the educational work of the Institute; (2) conduct the official publication, and (3) perform such services for the secretary and treasurer as the Executive Council may prescribe.

Article XI. Subject to the approval of the American Bankers' Association, this constitution may be amended at any annual convention by a two-thirds vote, provided that notice thereof shall have been submitted to the secretary of the Institute at least thirty days before the annual convention, published in the official publication of the Institute and submitted to the Executive Council of the Institute for report to the convention.

After the reading and adoption of the reports of the committee upon credentials and resolutions, the latter read by John W. Yopp, the convention proceeded to the election of officers.

Byron W. Moser, St. Louis Union Trust Company, St. Louis, Mo., was given the presidency by acclamation, no other candidate having been advanced.



PORTLAND, OREGON, DELEGATES TO THE AMERICAN INSTITUTE OF BANKING CONVENTION

From Left to Right:—Walter H. Brown, Merchants Savings and Trust Company; Frederick Weber, Hibernia Savings Bank; Curtis Sommer, Security Savings and Trust Company; J. King Byron, Ladd & Tilton Bank; J. D. Leonard, United States National Bank; F. O. Bates, Merchants National Bank.

Mr. Moser was nominated by Franklin L. Johnson of St. Louis, who declared he was the best president St. Louis chapter ever had and was so well known nationally for his work in the Institute that a speech of eulogy seemed needless. Later when Mr. Moser was presented to the convention by retiring President Cox, both received a genuine ovation attesting to their popularity and to the general belief of the bank men of the country that the government of the Institute has been in good hands during the past year and that there is much hope for the future with such men as Moser at the helm.

Harry V. Haynes of the Riggs National Bank, Washington, D. C., a certificate holder, and a man of splendid talent of whom it has been said he is big enough for the presidency of the Institute, was elected vice-president. Harry S. Small, Continental and Commer-

cial National Bank, Chicago, was elected secretary, and Irwin L. Bourgeois, Hibernia Bank & Trust Company, New Orleans, treasurer. No other names were presented.

Q. B. Kelly of Salt Lake City, Robert H. Bean of Boston and T. R. Durham of Chattanooga were elected to the executive council from the convention, and from the "Fellows" were elected L. H. Woolfolk of Seattle and C. W. Allendoerfer of Kansas City.

One of the most dramatic and most interesting incidents of the convention was the fight made upon the floor of the convention by the representatives from the chapters of Scranton, Pa., Louisville, Ky., and Richmond, Va., who were offering their respective cities for the 1913 convention. Almost unawares the delegates during the last moments of the convention were swept into a wave of oratory replete with historical

allusions and sentiment. Richmond won with 337 votes, Louisville received 96 and Scranton 62. The vote was made unanimous at the suggestion of the losing delegates.

THE ENTERTAINMENTS.

It would be impossible adequately to describe the entertainment afforded the delegates and their friends by the bankers and bank men of Salt Lake City. Even the business men of the city vied with each other in the attractiveness of their decorations and window displays in honor of the country's bank men. Electric signs blinked "Welcome A. I. B." and "This is the place." All trolley poles were draped with the national colors, and courtesy and hospitality were found everywhere.

A special organ recital was given in the Tabernacle Wednesday noon and a smoker at the Commercial Club Wednesday evening. Wednesday afternoon the ladies were given a trip to Emigration canyon. Thursday afternoon the trip to Saltair Beach was made. There was bathing in the Great Salt Lake, a luncheon served in ship cafe and dancing in the pavilion. Friday morning the ladies were taken on a sight-seeing tour of the city. In the evening a reception and dance was given by Salt Lake City chapter in Hotel Utah for the visiting delegates and to complete the most successful convention the American Institute of Banking has ever held. During the evening the 60-pound Chinook salmon present-

ed to the convention by the Columbia River Packers' Association in honor of Portland chapter, was served. Saturday morning the delegates who stayed over were taken in a special train to Bingham and Garfield to see the world's greatest copper mining camp..

The general committee of Salt Lake City chapter which had charge of the convention was composed of Q. B. Kelly of Utah State National Bank, S. G. Saville, McCornick & Company, President of the chapter R. C. Barnes, Deseret National Bank, T. W. Ball, McCornick & Company, and C. R. Mabey, Bountiful State Bank.

Some of the prominent bank men of the country who were in attendance at the convention and who took a leading part in the debates upon the floor of the convention, were Fred A. Crandall, vice-president National City Bank, Chicago; Fred E. Ellsworth, publicity manager Guaranty Trust Company, New York; Ralph H. MacMichael, manager bond department Dexter Horton National Bank, Seattle; John W. Corby, Peoples Trust and Savings Bank, Chicago; George A. Jackson, Continental and Commercial National Bank, Chicago; F. L. Underwood, Chattanooga, Tenn.; F. C. Perez, National Bank of Cuba, Havana; H. J. Dreher, Marshall & Ilsley Bank, Milwaukee, Wis.; F. M. Cerini, Oakland Bank of Savings, Oakland, Cal.; William B. Evans, Philadelphia; J. L. Leonard, U. S. National Bank, Portland, Ore.; and A. M. Nevins, Washington, D. C.

TOOK IT ALL RIGHT

HE came down the path a sad, sorrowful figure. She watched him with anxious eyes.

"How did father take it?" she asked..

"He took it—well," replied the young man.

"Oh, I'm so glad, George!" she cried, pressing her hands together.

"Are you?" replied George, flopping forlornly by her side. "Well, I

can't say that I am, dear. At first your father wouldn't listen to me."

"Why didn't you tell him that you had \$2500 in the bank, as I told you to?" she exclaimed.

"I did, after all else had failed," answered George, dejectedly.

"And what did he do then?"

"Do!" echoed the young man, passing his hand wearily through his hair. "He borrowed it."—*Texas Magazine*.

FOREIGN BANKING AND FINANCE

EUROPEAN

AGRICULTURAL CO-OPERATION IN SWITZERLAND.

THOUGH the great difference in conditions prevailing in Switzerland and in the United States prevents the adoption of many of the actual practices employed in that republic for the financial assistance of the farmer, yet there is much in principle which the American farmer, at the brink of strengthening his position through the doctrine of coöperation, can learn from the farmer of Switzerland. American Minister Boutell has recently forwarded to the State Department a report upon this subject following his investigation in connection with President Taft's effort to establish coöperative

credit in the United States for the benefit of the American farmer.

The farmers of Switzerland are the backbone of the nation. The Government recognizes this. It is to the farmers that the country would turn if ever it became necessary for the Confederation to defend its independence. Wisely the Government has done all in its power to aid the farmer, to stiffen the backbone of the nation. Incidentally, however, the farmers have taken a hand in the question of the Government's looking to their welfare. They have made themselves a strong factor in the Government—that is, the coöp-

BANCO NACIONAL DEL SALVADOR

SAN SALVADOR

Authorized Capital	.	.	\$5,000,000
Subscribed Capital	.	.	2,000,000
Paid-up Capital	.	.	1,300,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

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eration practiced by the Swiss farmers is largely political.

Several years ago they formed an association—the Swiss Farmers' Association—and established a central bureau at Brugg. This association is represented in the Swiss National Council, corresponding to our own House of Representatives, by many prominent politicians. One of the principal purposes of this association is more or less to fix and control the market prices of milk and other agricultural products in the interest of the farmers.

Similar associations have been established in the various Cantons (States) bearing the name of Cantonal Farmers' Association, which are members of the Swiss Farmers' Association, with the same principles and purposes as the latter. Besides the Federal and the cantonal associations, there exist a great number of local (district) farmers' coöperative societies which have as their purpose the securing of cheaper prices for seeds and fertilizers by pur-

chasing these articles in large quantities, which are kept in storehouses and can be obtained as needed from the administrator of the respective local society.

The Federal Government can make no loans to any of the above-mentioned associations or coöperative societies, but it contributes annually an amount of 25,000 francs to the expenses of the permanent central bureau of the Swiss Farmers' Association.

In the various Cantons provisions are made to facilitate loans to farmers. In some of the Cantons there exist mortgage banks, which are cantonal institutions and which are authorized to make loans to farmers, against a first mortgage, up to two-thirds of the real value of the farm property.

The chief advantage secured by the farmer in placing a mortgage with the cantonal or State mortgage banks is that he escapes the necessity of repaying the principal of his mortgage in a single payment, and he is practically

relieved from the danger of foreclosure. The interest rate charged by the cantonal mortgage banks is about the same as that collected by other banks. For instance, a farmer wishes to raise a loan of \$10,000 on his property. He secures the money from the cantonal bank at $4\frac{1}{2}$ per cent. He could probably do as well for himself if he went to private sources, but here is where the cantonal banks help him out. If he went to a private bank to borrow money at $4\frac{1}{2}$ per cent for a stated number of years—let us say 10 years—then each year he would be required to pay that bank his $4\frac{1}{2}$ per cent., and the tenth year he would be required to pay back the entire \$10,000. Now, with the cantonal bank he is required to pay each year, in addition to his $4\frac{1}{2}$ per cent., 1 per cent as amortization. After the first payment he owes the bank \$10,000 less 1 per cent. Naturally, the second year he must pay interest, not on the \$10,000, but on \$10,000 less 1 per cent. However, his actual payment is still $5\frac{1}{2}$ per cent of the \$10,000. Each year, however, a larger portion of this $5\frac{1}{2}$ per cent. is for amortization; a diminishing portion of it, as the amortization continues, is for interest. In this way the farmer ultimately pays back the entire loan without having been burdened with one big payment in any year as he ordi-

narily would have been. Only in very rare cases are the loans made by these mortgage banks on farm properties foreclosed.

Financial assistance is rendered by municipal, cantonal and Federal authorities to all undertakings which have as their purpose the improvement of the soil or to facilitate its utilization.

Improvements of the soil which enjoy the financial aid of the public authorities are: Irrigation, drainage, clearance of the land, road making, road mending, boundary walls (fencing in), and the erection of stables (shelters) on the Alps. Whenever a farmer possesses land of which the value could considerably be increased through the improvement of the soil, but can not afford the expenses for such work, he can make application for a contribution to the costs of such undertaking to the government of his Canton (State), and, through the latter, to the Federal Government. In many Cantons (States) the municipal authorities do not contribute to an improvement of the soil if by such improvement only one individual farmer would profit, whilst they contribute in those cases where a number of farmers or a corporation is concerned.

After a careful examination of the plans for the improvement, by technical experts, the Swiss Department of

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$320,315.04

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

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Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$860,735.00

Deposits, \$3,322,958.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

Agriculture presents the request, with its report, to the Federal Council; the latter then decides, on the basis of the report from the Agricultural Department and the plans, whether a contribution will be granted and fixes the amount of such contribution within the limits in the Federal law (maximum 40 per cent. of the total costs).

For example, a farmer who possesses land of which the value could be considerably raised by improvement, partly through drainage and partly by clearance, but who has not the money to pay the costs of such improvement, can apply in the above prescribed manner direct to the cantonal government, or, if he prefers, first to the municipal authorities. It may happen that the commune is poor and, therefore, the local authorities are unable to grant any contribution at all; they will, however, refer his request to the respective cantonal government (government of the State) recommending the request for favorable consideration. The cantonal government, after examination of the request and plans, decides to grant a contribution of 30 per cent. to the estimated costs of improvement and, at the same time—in compliance with the desire expressed by the proprietor of the farm—refers the request to the Federal Government with its report and recommendation. After due consideration of all the facts, the Federal Council may decide to grant a contribution, similar to that of the Canton, namely, of 30 per cent. to the total costs. Now, since the cantonal government has decided to grant a contribution of 30 per

cent. and the Federal Government is granting one of 30 per cent. (together 60 per cent.) to the total costs, there would remain a balance to be paid by the farmer of only 40 per cent.

Let one assume that the farmer has invested all his money in live stock and has, at the time, no cash to pay his share of 40 per cent., but is obliged to borrow this amount from a third person. In such a case the Federal law makes it easy for him to find such a loan at low rates, because the new Swiss Civil Code provides: "Whenever a farm property is raised in value because of the improvement of the soil, carried out with the financial aid from public authorities, the proprietor can, for his share of contribution to the said improvement, have recorded in the ground book (record of land), for the security of his creditor, a lien which comes first of all debts of record (mortgages)." Such security, of course, makes the mortgage a very attractive investment.

In the year 1911 the Federal Government contributed 1,456,764 francs to the costs of improvement of the soil (311 cases). In the Federal budget for the year 1912 an appropriation of 1,500,000 francs is made for that purpose.

For lack of statistics it is impossible to give the amounts contributed by the various cantonal (State) governments for the improvement of farm lands, but it is certain that the total amount contributed by them will be at least as high as the Federal contribution.

There are no provisions made either in the Federal or cantonal laws by

THERE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, *Manager*.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, *Manager*.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, *Mgr.*

—CORRESPONDENCE IS INVITED—

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. MEXICO, D. F.

President—F. PIMENTEL Y FAGOAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

which farmers' corporations would be entitled to issue bonds in order to secure money for the improvement of their land as is done in other countries.

It may be of interest to know that the Swiss Federal Government, as is done by the governments of agricultural Cantons, encourages the raising of cattle for breeding purposes by appropriating every year in the budget a considerable amount for premiums to be given at the cattle shows to the raisers of the prize-winning cattle—bullocks and cows.

Large improvements were made in recent years with the financial aid from the Federal and Cantonal Governments and much interest is taken by the public authorities in the welfare and prosperity of the population in rural districts. It is remarkable how the prosperity of the farmers has increased in the past 15 years, which is, to a great extent, due to the financial assistance rendered them by the Cantonal and Federal Governments in the manner prescribed in the foregoing report.

LONDON'S ALL-NIGHT BANK.

N all-night bank will soon be established at London. The first one is to be opened in Piccadilly and will be followed by branches in various parts of the West End. The concern will have the title of the Day and Night Bank and will be run similar to like institutions in the United States.

SERVIA'S CHECK-PAYING SYSTEM.

SERVIA is adopting the system of payment by check, but until now there have been no legal provisions governing such payments. The Belgrade Chamber of Commerce has undertaken to draw up an outline bill for the Government in order to secure legal regulation of the check system.

MORTGAGE BANK IN MONTE-NEGRO.

A STATE Mortgage Bank in Cetinje, Montenegro, has opened for business. The capital of this institution is furnished mainly by the Montenegrin Government—namely 2,500,000 perper (perper equals about 20 cents) of the 3,000,000 which constitutes the total capital.

THE WORLD'S PUBLIC DEBTS.

THE German economic review "Die Konjunktur" prints an interesting study of the public debts of the world. The latest official statistics show that the total is \$37,884,835,200. This sum, which represents 543 tons of minted gold, would require for its transport 440 freight cars, or about 15 European freight trains. Needless to say it would be impossible to realize in gold. The existing gold stock of the world, either minted, or in bullion,

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

hardly exceeds \$4,800,000,000, that is to say, a little more than an eighth of the total sum of the public debts. The public debt of France comes first in importance; it amounts to \$6,288,710,400, or \$159 per capita. Germany comes second with \$4,905,710,400, or \$75 per capita.

While the British national debt has been reduced by \$390,000,000 in the past six years, the national debts of other countries have increased in this time as follows:

United States	\$310,000,000
Germany	400,000,000
France	315,000,000
Russia	1,000,000,000
Austria	200,000,000
Italy	12,000,000

BRITISH GOVERNMENT'S STATEMENT.

A STATEMENT issued by the Treasury of the British Government shows that the total amount deposited in the Post Office Savings Bank last year was £50,142,531, which with £168,890,215 brought forward in January, and £4,092,331 paid in interest, made a total sum deposited in the bank of £223,125,078. The total liabilities of the bank, money due to depositors, and on account of expenses remaining unpaid amounted to £176,618,469.

GERMAN HOLIDAYS.

A NEW fashion, for winter instead of summer holidays, is about to be set by the Imperial Bank of Germany, which employs thousands of clerks in all parts of the country.

The bank's proposal, which is likely to be imitated in other countries if the experiment is successful, is to offer the

special inducement of extra leave for all members of the staff who are willing to take their holidays between Sept. 15 and May 1. This extra leave will consist of two days for each week of the regular summer holiday.

The idea in the minds of the directors is to do away with the necessity of engaging a large number of clerks temporarily during the summer to do the work of those who are away.

ASIATIC

FOREIGN EXCHANGE BANK IN JAPAN.

A NEW bank for foreign exchange has been established in Japan, with its head office at Tokyo, under the auspices of such well-known financiers as Nankano Buci and Asano Soichiro. The capital is to be \$5,000,000, of which one-quarter will be paid up.

JAPANESE AMALGAMATION.

ATTENTION is called to the tendency of Japanese banks to considerably strengthen their positions, either by amalgamation or by increase in the paid-up capital. Among those which have recently increased their stock issues are the Mitsui Ginko (Mitsui Bussan Kaisha Banking Department), the Sumitomo Bank of Osaka, and the Yasuda Bank. In addition, many bigger banking corporations, such as the Industrial Mortgage and Yokohama Specie Banks, have decided on, or are considering, further capital issues. The 100th Bank has decided to issue a further \$4,000,000 of ordinary stock, while the 1st and 34th Banks have been amalgamated. In cer-

tain quarters these steps are considered as foreshadowing a time of stress in the near future; but more probably they are the outcome of a natural desire on the part of the different managements to take advantage of the present surplus of cash in the market, in order to strengthen the liquid assets. Japanese banks are in a fairly flourishing position at present, and have declared satisfactory dividends for the past half year.

THE SUMITOMO BANK, LIMITED.

THIS bank, situated at Osaka, Japan, was established in March, 1912, as the successor to the Sumitomo Bank, and now has an authorized capital of yen 15,000,000 of which one-half is paid up, and a reserve fund of yen 200,000. Its deposits on June 30, were yen 49,975,420 and the total of its resources yen 61,994,693. Baron K. Sumitomo is president and K. Nakada, managing director. M. Suzuki and K. Yukawa are also directors.

LATIN AMERICA

CONDITIONS IN MEXICO.

COMMENTING on conditions in Mexico, Manuel R. Callada, a banker of that country, said recently that money is easy, and banking conditions good with prospects of a prosperous future. He said that business is not greatly disturbed by the outbreaks in the northern part of the country.

BONDED INDEBTEDNESS OF CENTRAL AMERICA.

A CORRESPONDENT of the New York "Journal of Commerce" furnishes the following relative to the bonded indebtedness of the five Central American republics:

In the year 1827 what are to-day the

five republics of Central America, by common consent broke up their federation. The debt of the federation to other people was then £162,500, or, at present valuation of the pound sterling, \$791,007 American money. The apportionment of that indebtedness, the increase in the bonded debts of these nations, and their total indebtedness at the end of the year 1911 were:

		—Bonded indebtedness—	
Countries—	1827	Jan. 1, 1912	
Costa Rica	\$63,265	\$15,329,475.00	
Guatemala	330,635	10,679,748.38	
Honduras	132,369	111,607,702.38	
Nicaragua	132,369	6,083,125.00	
Salvador	132,369	4,462,093.85	
Totals	\$791,007	\$148,162,144.61	
		—Increase—	
		Av'ge annual	Total.
Costa Rica	\$169,624.55	\$15,266,210.00	
Guatemala	114,990.14	10,349,113.00	
Honduras	1,238,614.83	111,475,334.38	
Nicaragua	66,119.51	5,950,756.00	
Salvador	48,108.05	4,329,724.85	
Totals	\$1,637,457.08	\$147,371,137.23	

COLOMBIA'S GOVERNMENT MINT.

CONSUL ISAAC A. MANNING reports from Barranquilla that the Colombian Government has ordered the re-opening of the Government mint at Medellin for the coinage of gold. It is presumed this will materially affect the export of gold dust and bars from Colombia.

VALORIZATION OF COFFEE.

PRESIDENT ALVES, of the State of Sao Paulo, in an address to Congress said:

"It is impossible to foretell how the final liquidation of the operations for valorization of coffee may yet be made, because not only do I not yet possess elements enough to form an opinion, but the circumstances under which liquidation must be effected are themselves subject to modifications.

"To point my remark regarding the

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

H. C. HEAD, Cashier

SHUR WELCH, Assistant Cashier.

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valorization of coffee and the circumstances that may interfere with its easy liquidation, I beg to draw your attention to recent events in New York, with which, in view of their wide publications in the press, you are doubtless acquainted.

"The high price of coffee, explicable by a series of natural causes, has been attributed in certain markets to the influence exercised by the deposits of coffee belonging to the State of Sao Paulo. Important commercial interests connected with coffee in the United States have, under the pressure of political influences of a certain nature, that so affect opinion in America, combined to create a sense of distrust as regards the nature of these deposits and the intention of the Government of the State, in spite of the wide publicity afforded to the elements on which, opinion

as to the correctness of our attitude, political and economic, should have been founded.

"The State of Sao Paulo never aimed at valorizing its coffee with the object of making profits out of it or of speculation; its object was patriotic, to save the colossal capital employed in the cultivation of coffee, on which to a large extent the national credit is dependent. This attitude was always most frankly admitted by both the Union and State Governments and their aims justly appreciated and regarded in most of the world's markets without suspicion. As regards the United States, we have endeavored to make manifest the sincere and friendly sentiments which actuated us, and it was difficult to understand how our intentions could be so misunderstood or misinterpreted."

SITUATION OF THE BANKS OF GUATEMALA ON JUNE 30, 1912.

	Notes.	Capital.	Surplus.	Deposits.
Banco de Guatemala	\$31,823,210	\$2,500,000	\$1,698,033	\$2,334,026
Banco Internacional de Guatemala.....	8,428,043	2,000,000	2,124,755	3,940,869
Banco Agrícola Hipotecario	3,795,000	4,700,000	1,170,801	2,550,398
Banco Colombiano	466,318	1,776,000	3,149,208	2,494,179
Banco Americano de Guatemala	176,640	3,000,000	1,900,000	11,391,699
	\$44,689,211	\$13,976,000	\$13,042,797	\$22,711,171

	Profits.	Dividends.	Gold.	Silver.	Nickel.
Banco de Guatemala.....	\$1,403,234	\$625,000—25%	\$4,521	\$40,624	\$6,034
Banco Internacional de Guatemala	322,542	280,000—14%	1,570	7,944	4,531
Banco Agrícola Hipotecario.....	461,188	340,000—7.22%	702	5,000	6
Banco Colombiano	378,930	213,121—12%	539	1,205	4,097
Banco Americano de Guatemala..	635,736	450,000—15%	3,255	196,688	9,676
	\$3,201,630	\$1,918,121	\$10,587	\$251,461	\$24,344

BANCO DE NUEVO LEON.

WE have received the balance sheet of this bank to Aug. 31, 1912. It shows the constant progress made by the institution despite the disturbed conditions prevailing in Mexico.

Total assets aggregate \$14,118,-685.97 Mex., of which \$1,045,779.89 is in gold, silver and other cash items. Capital and surplus \$2,860,736.03 and deposits \$3,322,958.83.

The bank has entered on its twenty-first year of existence and is represented to-day by branches and agencies all over the country. It offers every facility for the prompt collection of drafts in any city of Mexico and is one of the most popular and progressive organizations of the neighboring Republic.

BANCO NACIONAL DEL SALVADOR.

WE have at hand the balance sheet of the Banco Nacional del Salvador for the first half of 1912, which shows its prosperous situation.

The bank was established six years ago—in 1906—with a subscribed capital of \$2,000,000 (pesos silver), and it had, at the date mentioned a surplus of \$90,000. Deposits aggregated \$1,-206,938.10 and cash assets \$812,-634.75. Loans and discounts amounted to \$2,973,949.37. Paid-up capital is at present \$1,300,000.

The meeting of stockholders held on July 13th last declared a dividend at the rate of 10% per annum.

BANKING AND FINANCIAL MISCELLANY

HOARDS OF ROMAN COINS

[From the London Times.]

EXCAVATIONS are being conducted on the site of the Roman town of Corstopitum, near Corbridge-on-Tyne, in Northumberland. The work has been proceeding since 1907, and is continued for three or four months in every summer, under the direction of the Corbridge Excavation Committee. It has already revealed the existence of a site of more than usual interest, not exclusively military in character, but containing civilian population, and hence comparable only to one other Roman settlement in the north of England—namely, the Roman town that underlies modern Carlisle. Apart from a great storehouse and granaries—military buildings of unusual massiveness, erected in the Antonine period—the majority of the buildings hitherto excavated are shops. They indicate the existence of a considerable trading population, and the character of the finds shows that occupation was more or less continuous during the whole of the second, third and fourth centuries of our era.

Corstopitum was a place of some wealth and one in which money passed from hand to hand freely. The profusion of bas-reliefs and fragments of sculpture that have been discovered in the course of the exca-

vations is evidence of the ornamental character of some of the town buildings. The population was cosmopolitan; traders from the Levant set up altars here with Greek dedications to Herakles of Tyre and to the Phœnician Astarte; only last year a tombstone was discovered that had been erected to the memory of Barates, a native of Palmyra in the Syrian Desert, some of the smaller finds, such as brooches and sword-scabbards, though datable to the Roman period, exhibit Teutonic workmanship and prove commercial intercourse with central Europe. As long ago as the time of Henry VIII. the antiquary Leland wrote of Corbridge in his "Itinerary": "Great tokens of old foundations be yet found there, and also numismata Romana." Four hundred years ago the fields that cover the ruins of the Roman town were fertile in coins, and every year's ploughing has brought up more coins to the surface. Still the supply remains unexhausted, and since systematic excavation has been commenced each year's exploration, covering two acres of ground, has yielded 800 to 1000 specimens of Roman currency.

The coins found lying loose in the soil are, without exception, silver or bronze.

Identification is often difficult owing to the corrosive action of the soil; yet the coins have been carefully catalogued in the annual reports issued by the Corbridge Excavation Committee. They include one or two examples of Greek coinage, which are the more interesting since doubt attaches to the place of discovery of most of the Greek coins claimed to have been found in this island. They comprise some hitherto unknown varieties of types and add materially to our knowledge of the London mint. A coin of Constantine the Great, minted at London in the early part of his reign and bearing the Christian monogram, deserves special mention, since it proves that Christian symbols were officially employed in this country before they were introduced into Italy or Gaul.

Besides this great mass of inferior currency two hoards of Roman gold coins have been discovered in the course of the excavations. Mixed hoards of Roman gold and silver have formerly been unearthed in this country, and Roman gold has been found in enormous quantities in other parts of the empire; yet the only recorded instance of the discovery of an unmixed gold deposit in England is the hoard discovered in 1811 at Cleeve Prior, near Evesham. The Cleeve Prior hoard was rapidly and secretly dispersed, and few details are known regarding it. It appears to have consisted of 450 to 600 aurei ranging in date from Valentinian I. to Arcadius. The Corbridge gold finds are less extensive; yet they stand alone in having been found in the pursuit of archaeological inquiry; they have been preserved intact and have been subjected to proper examination.

The circumstances of the discovery of the two Corbridge hoards differed materially. The first find was made in September, 1908. A workman engaged in excavating a house belonging to the latest period of the occupation of Corstopitum found beneath the floor a sheet of lead of which the two ends had been bent over to form a case or receptacle. The leaden covering was unwrapped and was found to contain a gold ring and forty-eight aurei solidi of the lower empire. Exactly three years later, in September, 1911, while excavations were being conducted on a portion of the site that had been inhabited in the Antonine period and had probably lain waste during the remainder of the Roman occupation, two workmen in the employ of the Excavation Committee came on a bronze jug standing erect in the soil. They lifted the jug, the bottom fell out, and a stream of gold coins poured forth. The coins were collected and found to number 159, ranging in date from Nero to Marcus Aurelius. Archaeologists differ as to the nature of the site in which the jug was found. There was no trace of a floor and practically no foundations suggesting walling. Either the spot in which the jug rested was perfectly fortuitous or

the treasure was hidden beneath the floor of a house that has been completely demolished.

The first Corbridge find consists of coins of Valentinian I., Valens, Gratian, Valentinian II., Theodosius and Magnus Maximus, and may be assigned to the reign of the last-named emperor. It is datable approximately to the years 385-387, and is a very few years earlier than the Cleeve Prior find. Other coins found upon the site prove that Corstopitum was occupied as late as A. D. 390; but it had probably been abandoned before A. D. 395; and this little hoard of gold, carefully hidden, yet never claimed, is one of the last vestiges of the Roman occupation of the north of Britain.

The second find covers a longer period, and comprises coins of Nero, Galba, Otho, Vitellius, Vespasian, Titus, Domitian, Trajan, Marciana, Hadrian, Sabina, Aelius, Antoninus Pius, Faustina the Elder and Marcus Aurelius. The date of the latest coin is A. D. 159, and the hoard may consequently be taken to have been laid down in 159-161. There are various indications that this was a time of prolonged trouble in the North. The governorship of Julius Verus (circa 157-160) was marked by the importation of military re-enforcements from Germany and by the erection of forts round the territory of the discontented Brigantes. When Marcus Aurelius came to the throne in 161, war was on the point of breaking out in Britain, and a new governor, Calpurnius Agricola, was sent out to carry on the campaign. The struggle was a hard one. Signs of it are apparent at Corstopitum in the burned debris of a pottery shop—consumed with its wares—in the cessation of building of the great storehouse, and in the loss of the second gold hoard.

The coins of both hoards are in an unrivalled state of preservation. From a numismatic point of view, the second hoard is by far the more interesting, since it contains a much greater variety of types, and some of these (such as the coin of Vitellius, with his father's head on the reverse, and a beautiful specimen of the Pvelæ Faustianæ type of Faustina the Elder) are of exceptional rarity.

Both finds have been handed over, as treasure trove, to the Lords of the Treasury, and have been conveyed by them to the British Museum. The trustees of the British Museum have decided to retain both hoards intact and distinct, in place of amalgamating them with the general series of Roman coins. Consequently the two Corbridge finds have been set out in separate coin-trays in the coin room of the British Museum. The trustees are to be congratulated upon their decision, since it gives to students the rare opportunity of studying in their entirety hoards that are of more than usual interest.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

FIRST NATIONAL BANK, BIRMINGHAM, ALA.



MAIN ENTRANCE TO THE FIRST NATIONAL BANK, BIRMINGHAM, ALA.

FEW cities in the South, or indeed anywhere, have shown more rapid or substantial progress than Birmingham, Alabama, as reflected in its remarkable increase in population, manufacturing and commerce, and in the growth of its banks. The banks have, of course, been a prime factor in this development, and by a consistently wise policy of helpfulness have been instrumental in creating a great industrial and commercial center. Foremost among these institutions is the First National Bank, which has come to be a bulwark of the city's industries and one of the leading banks of the South, under the able direction of President W. P. G. Harding and the other officers and directors.

The First National Bank Building has the most central location in Birmingham, being on the northeast corner of Second avenue and Twentieth street. It was erected by the late Wm. H. Woodward in the year 1903 and was completed in January, 1904, when the First National Bank relinquished its old quarters on the northeast corner of First avenue and Twentieth street, to occupy the new banking room that had been provided for it on the ground floor corner of the new building. The bank at that time had nearly five thousand depositors and the new quarters,

which were elegantly appointed in every detail, were regarded as adequate for many years to come. The constant growth of the business of the bank, however, has necessitated frequent changes and enlargements. The bank having sold its old location, the site of the present Brown-Marx Building, it purchased the First National Bank Building from Mr. Woodward in the fall of 1910. Few structures in Birmingham have been built on a sufficiently large and elaborate scale, and the First National Bank Building was no exception. On assuming ownership, the management of the bank proceeded at once to equip the office floors of the building in a style which is conceded to be a model of utility and elegance and then followed the extensive improvements on the ground floor and in the basement, as well as on the exterior.

There are two street entrances to the banking-room, one on the Second avenue corner, and the other on the Twentieth street corner, making practically a double corner entrance. These entrances are supported by Doric columns in fluted terra cotta, which conform to similar columns at the northern end of the building. Five massive columns of similar design and structure mark the entrance to the main lobby of the building leading to the ele-



FIRST NATIONAL BANK, BIRMINGHAM, ALA.

vators. From this lobby, which is of impressive proportions, being 32 feet by 45 feet, two bronze and plate glass doors open into the banking-room, and the lobby is wainscoted from the floor to the ceiling with white Italian marble. The beamed ceiling is supported in the center by two massive white marble columns. Five Otis elevators are kept in constant operation, the elevators running only fifteen seconds apart.

LOCATION AND DESCRIPTION OF THE BANKING AND OTHER ROOMS.

The banking-room has been remodeled and forms a spacious, attractive, well-lighted and ventilated room, unsurpassed in comfort and conveniences. The banking-room originally occupied a space fronting fifty feet on Twentieth street and running

back one hundred feet on Second avenue. To this has been added an ell forty-eight by fifty feet. Marble and bronze counters have been extended into this ell, providing space for the receiving tellers, the ladies' teller, for the ladies' retiring room, for the discount department, and for the desks of the president and vice-president. The original line of counters runs at right angles to the new, intersecting at the corner of the vault.

The banking-room is wainscoted throughout in rich sienna marble, the counters being of the same material, on a green marble base and surmounted with a heavy top screen. The desks of the cashier and the assistant cashiers are conveniently arranged on the front lobby, which extends from the elevator lobby to the entrance on the corner. The savings department is located near the corner, recessed back sixteen feet

from the main lobby, thus providing abundant space for the large and ever increasing number of savings depositors.

The main part of the banking room has a paneled ceiling, of classic design and tastefully decorated in gold leaf. Columns of marble and bronze reach from the floor to the ceiling. The side walls are plainly finished in cream color, and all wood work

throughout the banking-room makes artificial light unnecessary except on dark days and in the afternoons.

A customer entering the banking room from one of the corner entrances finds himself in the western corridor, where he first sees the three tellers' windows of the savings department, recessed back sixteen feet from the lobby. Next he comes to the



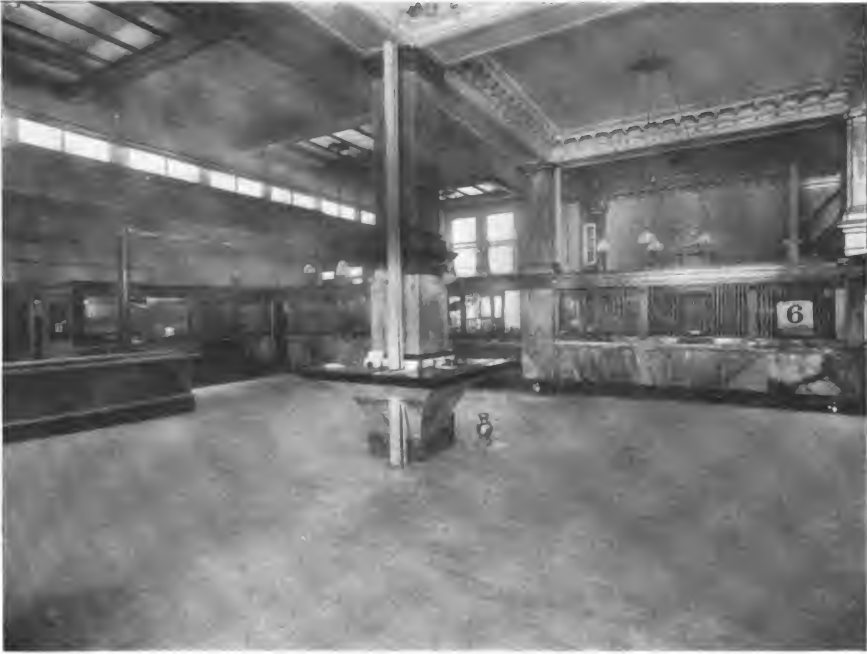
W. P. G. HARDING

PRESIDENT FIRST NATIONAL BANK, BIRMINGHAM, ALA.

is enameled in the same color tone. The banking-room is well lighted and ventilated. The ladies' reception room is beautifully finished in white enamel and mahogany.

The lobby facing the tellers' windows is one of the features of the banking-room. This lobby is thirty-two feet square, with a marble column in the center surrounded by a quadrangular check desk. All attempts at over decoration have been avoided, and the soft light which is diffused

open enclosure, in which are located the desks of the cashier and assistant cashiers. Turning into the north corridor, he passes the four windows of the collection and exchange departments, then the wickets where space is provided for five paying tellers. At right angles toward the ell he comes to the pass-book window, where all details connected with the monthly statements and the balancing of pass-books are attended to, and where information is given customers regarding their accounts. The individual



SPACIOUS MAIN LOBBY, FIRST NATIONAL BANK, BIRMINGHAM, ALA.



NORTH LOBBY, FIRST NATIONAL BANK, BIRMINGHAM, ALA.



J. H. BARR
VICE-PRESIDENT FIRST NATIONAL BANK,
BIRMINGHAM, ALA.



THOMAS HOPKINS
CASHIER, FIRST NATIONAL BANK, BIRMINGHAM,
ALA.



CASHIERS' AND SAVINGS DEPARTMENT, FIRST NATIONAL BANK, BIRMINGHAM, ALA.



VIEW SHOWING PAYING TELLERS' DEPARTMENT, FIRST NATIONAL BANK, BIRMINGHAM, ALA.



A GLIMPSE OF PRESIDENT HARDING'S OFFICE, FIRST NATIONAL BANK, BIRMINGHAM, ALA.



ENTRANCE TO THE SAFETY DEPOSIT VAULTS. FIRST NATIONAL BANK. BIRMINGHAM, ALA.

bookkeepers are most conveniently located in the rear of the receiving tellers. Lamson carriers convey checks quickly and silently from the paying tellers to the desk of the official in charge of the individual bookkeepers, who verify signatures and balances. The individual books are kept in duplicate, a daily statement being made and compared with the ledgers every night, and the statement keepers are conveniently located on the mezzanine floor near the auditors. Facing north along the central lobby, the customer comes to the wickets of four receiving tellers, and then comes to the ladies tellers' window. Then comes the entrance to the ladies' reception room, and then at right angles, facing the paying tellers across the central lobby, are the two wickets of the discount department, and at right angles in a marble enclosure in which are located the desks of the president and vice-president. To the left of the president's desk is the directors' room, which is also used as a private office. The auditing department is located on a mezzanine floor over the paying tellers' vault. The safety deposit department and the filing-rooms are located in the basement. The vaults were built by the Herring-Hall, Marvin Safe Co. of Hamilton, O., and are all of the most massive construction. The safe deposit vault is equipped with two round doors, twenty-four inches thick, and is among the largest ever built by the company. The vault is of concrete and is lined

with three inches of steel. It is eight feet high, fourteen and one-half feet wide, twenty-five feet long, and has space for four thousand private boxes. The lobby in front of the safe deposit vault is well lighted and conveniently equipped with coupon desks, open as well as private. The custodian is in constant attendance on customers from 8:30 to 5 o'clock on each business day. A large vault adjoining is used for the storage of silverware and other bulky valuables, and is subject to the control of the same custodian as the safe deposit vault.

None of the original equipment has been discarded, but all has been utilized in the changes that have been made from time to time, as occasion arose, and has now been harmoniously arranged so as to present the appearance of an unusually convenient and spacious banking-room newly equipped throughout.

BRIEF HISTORY OF THE BANK—ITS PRESENT POSITION.

Historically, the First National Bank was chartered in April, 1884, as successor to the business of the National Bank of Birmingham, which was organized in 1872, concurrently with the founding of the city itself, and the City Bank of Birmingham, which had successfully operated under a State charter for several years. The original capital of the First National Bank was

\$250,000. In October, 1902, the capital was increased to \$300,000. In January, 1904, the sum of \$200,000 was carried to capital account out of earnings, and in October, 1905, the capital was again increased \$500,000, making a total of \$1,000,000. In October, 1910, a final addition of \$500,000 was made, bringing the capital up to \$1,500,000. Frequent additions have been made to surplus, partly from earnings and partly from the sale of stock at a premium, until the surplus fund now stands at \$1,500,000—equal to the capital. Including the \$200,000 carried from surplus to capital in 1904, the actual earned surplus of the bank amounts to \$1,125,000. Since its organization, the bank has paid dividends, including that of October 1, 1912, amounting to \$1,484,000. It is the largest bank in Alabama, standing among the one hundred largest banks in the national system, and is most favorably known in all sections of the country. It has depositors in thirty States, in the Canal Zone, the Philippines, and in many foreign countries, including Brazil, Mexico, Ecuador, China, Italy, France and Cuba.

A further idea of the bank's present position may be had from these figures, taken from the official statement of September 4, 1912: Loans and discounts, \$8,887,962; total cash, \$3,193,837; capital stock, \$1,500,000; surplus and profits, \$1,613,988; circulation, \$1,250,000; total deposits, \$10,049,214; total resources, \$14,663,203.

The officers and directors of the First National Bank of Birmingham are:

Officers—W. P. G. Harding, president; J. H. Woodward, vice-president; J. H. Barr, vice-president; Thomas Hopkins, cashier; F. S. Foster, assistant cashier; Thomas Bowron, assistant cashier; J. K. Fleming, assistant cashier; J. E. Ozburn, secretary savings department; J. H. Wetmore, auditor.

Directors—W. S. Brown, merchant; B. I. Moore, secretary and treasurer Moore & Handley Hardware Co.; Robert Jemison, president Central Mortgage and Trust Co.; E. M. Tutwiler, capitalist; Erskine Ramsay, vice-president Pratt Consolidated Coal Co.; W. P. G. Harding, president; W. H. Hasinger, ore properties; Walker Percy, attorney-at-law; J. H. Barr, vice-president; J. H. Woodward, president Woodward Iron Co.; Wm. M. Walker, attorney-at-law; John L. Kaul, president Kaul Lumber Co.; Culpepper Exum, president Birmingham Fertilizer Co.; M. V. Joseph, of Loveman, Joseph & Loeb; Geo. G. Crawford, president Tennessee Coal, Iron and Railroad Co.; A. H. Ford, president Birmingham Railway, Light & Power Co.; Dr. Geo. M. Morrow, of Stout's Mountain Coal & Coke Co.; W. M. Cosby, wholesale flour and grain; Robt. Jemison, Jr., president Jemison Real Estate & Insurance Co.; P. G. Shook, of Shook & Fletcher, coal and iron brokers; Zach. L. Nabers, coal operator; E. L. Brown, of Brown Bros.; Crawford Johnson, president Birmingham Coca-Cola Bottling Co.



CORNER ENTRANCE TO THE FIRST NATIONAL BANK, BIRMINGHAM, ALA.



PERSONNEL OF THE SOUTHWEST NATIONAL BANK OF COMMERCE, KANSAS CITY, MO.

From left to right—Chas. M. Vining, Assistant Cashier; J. F. Meade, Assistant Cashier; Charles H. Moore, Vice-President; John M. Moore, Vice-President; Fernando P. Neal, Chairman of the Board; J. W. Perry, President; W. L. Buechle, Vice-President; James T. Bradley, Cashier; Eugene P. Davis, Assistant Cashier; W. H. Glackin, Assistant Cashier.

" IN UNITATE POTENTIA "
SOUTHWEST NATIONAL BANK OF COMMERCE
KANSAS CITY, MO.

TO keep pace with the trend of the times and the progress of industry and commerce, the great Southwest has come to the front with the successful consummation of a big bank merger which

gives an institution of strength and resourceful management that can adequately meet any arising demand.

With \$3,000,000 capital, \$600,000 surplus, and deposits of about \$30,000,000, the



BUILDING OF THE SOUTHWEST NATIONAL BANK OF COMMERCE, KANSAS CITY, MO.



Southwest National Bank and the National Bank of Commerce, both of Kansas City, Mo., have consolidated under the appropriate and distinctive title of the Southwest National Bank of Commerce, making this merged bank one of the strongest in the country. Its officers are men of wide banking experience and thoroughly acquainted with the needs of that section.

The official circular contains the following regarding the merger:

"The object sought in this consolidation has been to merge and perpetuate all the capital, business influence and personal strength that have built up and made successful the uniting banks. The position of chairman of the board has been made an active, executive office, co-ordinate with the office of president, and Mr. Neal in that position, will devote the same services and attention to the management of the business of the new bank that he has given to the Southwest National Bank, which, in



LADIES' ROOM AND ENTRANCE.
SOUTHWEST NATIONAL BANK OF COMMERCE, KANSAS CITY, MO.

a period of three years and a half, has taken a position as one of the leading banks of the city. Mr. Perry, whose administration of the affairs of the National Bank of Commerce has placed it on a strong, suc-

cessful basis and given it a commanding position in the business world, as president of the consolidated bank, will give his full time and services to the duties of his office.

"As all the active officers of the combining banks—as you will observe—are retained in the management of the new bank, the customers of both of the old banks are assured that they will be able to continue transacting their business with the same officers as heretofore. This means that your personal relations with the respective officers with whom you have been accustomed to transact your business will not be interrupted. Our official organization is large, thus enabling the officers to devote ample time and attention to the care of each customer's business, by correspondence and personal intercourse, and, while our business will be extensive, none of it will have to be delegated to inexperienced hands.

"The Southwest National Bank of Commerce of Kansas City, Mo., invites the accounts of banks, bankers, corporations, firms and individuals, offering for their use, among other things, the following banking facilities:

"The largest capitalization in the Middle West, with liberal deposits to sustain it.

"An experienced official staff composed of practical banking men, supported by a directorate of thirty of the most successful business men in our city.



J. W. PERRY

PRESIDENT SOUTHWEST NATIONAL BANK OF
COMMERCE, KANSAS CITY, MO.



PRESIDENT'S OFFICE, SOUTHWEST NATIONAL BANK OF COMMERCE, KANSAS CITY, MO.



LOBBY IN THE SOUTHWEST NATIONAL BANK OF COMMERCE, KANSAS CITY, MO.

"One of the largest and best equipped banking rooms in the United States.

"A fully equipped department for the exclusive use of our lady patrons.

"Our large capital will enable us to grant liberal lines of credit to our larger customers and our policy will be to favor our smaller borrowers in the same liberal manner.

"Small accounts will receive the same careful attention as larger ones.

"Courteous and prompt attention assured to all.

"We cordially thank you for the patronage that has enabled us to build up the business to its present large proportions and we ask and believe you will give us the opportunity to prove that the Southwest National Bank of Commerce can, and will, serve your interests in the best possible manner."

In its board of directors are many of the most influential and wealthiest men of the city. Herewith is the list:

A. W. Byers, capitalist; Frank G. Crowell, vice-president Hall-Baker Grain Co.; W. S. Dickey, president W. S. Dickey Clay Manufacturing Co.; George D. Ford, capitalist; Edward George, capitalist; John G. Groves, Groves Brothers Real Estate and Mortgage Co.; H. A. Guettel, proprietor

Palace Clothing Company; J. D. Guyton, president Guyton & Harrington Mule Co.; S. Harzfeld, Parisian Cloak Company; J. J. Heim, president Kansas City Breweries Company; George R. Hicks, secretary and treasurer Bowman-Hicks Lumber Company; Walter M. Jaccard, president Jaccard Jewelry Company; L. T. James, T. M. James & Sons, wholesale crockery; W. D. Johnson, live stock and loans; R. A. Long, president Long-Bell Lumber Company; J. Z. Miller, Jr., president Western Exchange Bank; John M. Moore, vice-president; Fernando P. Neal, chairman of the board; E. D. Nims, vice-president and treasurer Missouri and Kansas Telephone Company; J. G. Peppard, wholesale seeds; J. W. Perry, president; W. A. Pickering, vice-president W. R. Pickering Lumber Company; H. L. Root, vice-president Burnham-Munger-Root Dry Goods Company; Nathan Schloss, Rothenberg & Schloss, wholesale cigars; C. J. Schmelzer, president Schmelzer Arms Company; O. C. Snider, vice-president Kansas City Home Telephone Company; J. P. Townley, president Townley Metal and Hardware Company; S. H. Velie, secretary and general manager John Deere Plow Company; C. H. Whitehead, president Whitehead Realty Co.; Edwin W. Zea, vice-president.



F. P. NEAL

CHAIRMAN OF THE BOARD SOUTHWEST
NATIONAL BANK OF COMMERCE,
KANSAS CITY, MO.

The officers elected by the board are as follows:

Chairman of the board, Fernando P. Neal; president, J. W. Perry; vice-presidents, John M. Moore, W. L. Buechle, Charles H. Moore, Edwin W. Zea; cashier, Jas. T. Bradley; assistant cashiers, E. P. Davis, Chas. M. Vining, W. H. Glaskin, J. F. Meade.

Its first statement, issued at the close of business September 4, shows the healthy condition at this time:

RESOURCES.

Loans and discounts	\$20,949,821
Overdrafts	1,774
Real estate (bank premises)	400,000
United States bonds (par)	2,256,500
Bonds and securities	1,271,346
Cash and sight exchange	11,768,192

Total resources\$36,646,634

LIABILITIES.

Capital	\$3,000,000
Surplus and undivided profits	679,236
Circulation	1,950,100
Deposits	31,017,298

Total liabilities\$36,646,634



OFFICERS' QUARTERS, SOUTHWEST NATIONAL BANK OF COMMERCE, KANSAS CITY, MO.

A PROGRESSIVE NEW ENGLAND BANK

SINCE 1836 the Chicopee National Bank of Springfield, Mass., has been doing business in the same location, but the fine remodeled and practically new building of which the bank took possession on September 3 is of the first half of the twentieth century, not of the first half of the nineteenth. In appropriateness of exterior, and in beauty of interior, the bank's new home conforms to modern ideas, while

the equipment is such as to meet the demands of elegance, convenience and safety. No point, seemingly, has been overlooked in making the new building a fitting place in which to carry on the business of this very old yet very modern banking institution. The improvements, while extremely rich in design and materials, by no means impart an air of showiness to the banking rooms, but give them an appearance of



THE CHICOPEE NATIONAL BANK. SPRINGFIELD, MASS.



EDWARD PYNCHON
PRESIDENT CHICOPEE NATIONAL BANK, SPRING-
FIELD, MASS.



G. FRANK ADAMS
VICE-PRESIDENT CHICOPEE NATIONAL BANK,
SPRINGFIELD, MASS.



VIEW OF THE MAIN BANKING ROOM, CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.



ANOTHER VIEW OF THE MAIN BANKING ROOM, CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.; SHOWING TELLERS' WINDOWS AND STAIRWAY LEADING TO SAFE-DEPOSIT VAULTS



OFFICERS' QUARTERS, CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.



INTERIOR OF THE SAFETY DEPOSIT VAULT, CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.



MARBLE STAIRCASE AND EXTERIOR SAFE DEPOSIT VAULTS, CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.



CLERKS' SPACIOUS QUARTERS, CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.

solidity and taste, reflecting the wisely-progressive spirit that has characterized this institution in its seventy-six years of successful banking.

Were a description in detail of these improvements attempted, it would result in

reciting the various expedients employed in bringing bank architecture and equipment up to its present high standard in this country—with all of which the readers of this MAGAZINE are already familiar. But a good general idea of the expense and taste



LOBBY LEADING TO THE SAFE DEPOSIT VAULTS, CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.

represented in the Chicopee National Bank's reconstructed home may be had from the fine illustrations presented herewith.

These illustrations indicate that this is a live bank, keenly cognizant of present-day requirements in bank building and equipment.

An improvement in the physical equipment of a bank, particularly if confined within prudent limits as regards expense, is an evidence of sound progress, representing the care shown by the bank for the greater safety of the funds entrusted to it, the added convenience and comfort of those who are the bank's patrons, its officers and employees, and is furthermore an evidence of civic pride indicating the interest taken in the growth of the community of which the bank forms an important part.

AN OLD-ESTABLISHED BANK.

Actually the Chicopee National Bank is older than the city of Springfield itself, having been chartered as the Chicopee Bank in 1836, or sixteen years before the city received its charter. The bank was incorporated on May 2, 1836, with \$200,000 capital, and opened for business in a building purchased for its use and occupying the exact site of the present fine structure. The charter of the bank was granted by the Legislature of Massachusetts and was signed by Edward Everett as Governor. From the beginning the bank prospered and in its first year began paying dividends, and has now paid a total of two and one-quarter million of dollars to its shareholders.

In 1865 the bank entered the national banking system as the Chicopee National Bank, and by 1888 business had grown to such an extent as to require a larger building, which was completed and occupied by the bank in the following year. Of late this building proved inadequate, and the continual addition of new business prompted the officials and directors to make a thorough overhauling and reconstruction of it with a view to meeting the very latest and most approved ideas in bank building and equipment. The notably fine structure shown in the accompanying illustrations is the result.

PERSONNEL OF THE BANK.

In seventy-six years the Chicopee National Bank has had ten presidents and six cashiers. Edward Pynchon, who is now president, comes of banking parentage, his father, the late Joseph C. Pynchon, having been for many years president of the Five Cent Savings Bank of Springfield. Edward Pynchon entered the Chicopee National Bank thirty-seven years ago and has

served in the positions of office boy, clerk, teller, cashier and president.

G. Frank Adams, vice-president of the bank, is serving his third term in that office.

Leander W. White, cashier, has worked his way up from the bottom, and has been connected with the bank for nearly thirty years.

These gentlemen constitute a staff strong in banking and business experience, possessing tact, courtesy and sound judgment.



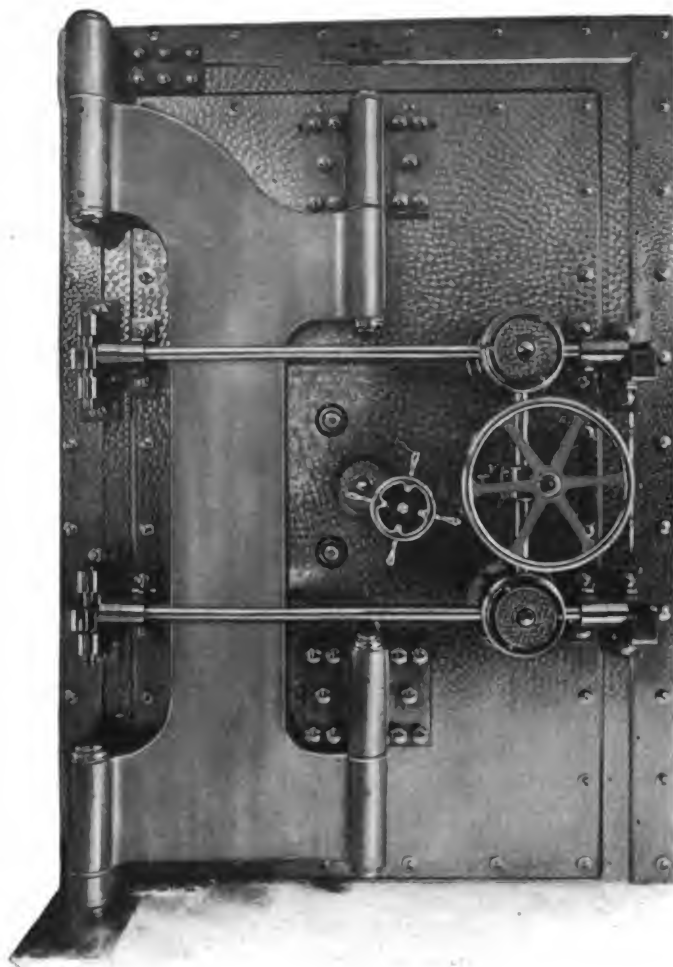
L. W. WHITE

CASHIER CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.

They are supported by a strong board of business men as directors, who aid in holding the bank to a safely-progressive course.

Not only has the bank greatly improved its building and equipment, but has steadily strengthened its position. The capital is now \$400,000; surplus and profits, \$445,000, and deposits over \$3,000,000.

Having gained and kept the public confidence through careful management, and being now better than ever prepared to supply the wants of its patrons, the honorable record of the bank through seventy-six years (a period embracing many seasons of severe financial stress) will doubtless be maintained and an even greater growth experienced.



MASSIVE VAULT DOOR CLOSED, CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.

A TEXAS INSTITUTION

TRUE to the distinction it has enjoyed for many years, the American Exchange National Bank of Dallas, Texas, with capital, surplus and undivided profits of two million three hundred thousand dollars and average deposits of over ten million dollars, continues to be one of the largest banks in the South.

Its growth is due to a strict adherence to the one solid principle of standard banking—conservative policies with careful management as a guarantee for depositors' funds and fairness to its patrons. The officers are men of large banking experi-

ence, and know the business interests of the South well.

The bank was organized in 1873, when Dallas was a very small village and had its money brought on "mule back" over three hundred miles. "This beginning was made by one of its present directors, now retired from active business, who opened his bank with a dry goods box for a counter and his pockets for a safe." His business continued with various partners until 1881, when he became connected with the Exchange Bank, which was organized at that time with a capital of \$40,000, and con-



AMERICAN EXCHANGE NATIONAL BANK, DALLAS, TEXAS

tinued as a State bank until 1887, when it was nationalized as the National Exchange Bank, under which name it transacted business until 1905, when it absorbed the American National Bank and changed its name to the American Exchange National Bank.

The growth of the bank has kept pace with the expansion of the city, and, increasing its capital as occasion required, it has always been ready to meet the demands of expanding business.

The bank building, which is two stories, is unpretentious in outward appearance, but



MAIN BANKING ROOM—AMERICAN EXCHANGE NATIONAL BANK, DALLAS, TEXAS

was arranged with a view to the practical operation of a large bank and far surpasses most such buildings in the matter of light and ventilation. The entire building is used by the bank and there are sixty men actually engaged in operating the institution.

With its large resources, its well equipped office, extensive connections, and long experience in successful banking, the American Exchange National Bank offers its patrons a service second to none.

Each active officer has had a thorough banking training.

Royal A. Ferris, president, has been in the banking business since 1870. He is one of those men who carry with them the confidence and good will of the public, and he is interested in every movement for the good of the community. Mr. Ferris came to Dallas in 1884 as cashier of the bank and was elected president in 1897.

Edwin M. Reardon, vice-president, is a popular officer as well as a banker of long experience. After a banking career of fifteen years in Pennsylvania he came to Dallas in 1883 and organized the Dallas National Bank, which was later consolidated with the City National. His connection with this institution dates from 1900, when the National Bank of Dallas, which was organized by him, was merged with the National Exchange Bank.

E. J. Gannon, vice-president, was a prominent member of the official staff of the American National Bank. He was one of its organizers and first cashier, and was actively engaged in its management from the organization in 1884 until it consolidated in 1905 with the American Exchange National Bank.

A. V. Lane, vice-president, takes an active part in public affairs, and has been, for some years past, a member of the executive council of the American Bankers'

Association and the representative of the bank at its conventions. His connection with this institution dates from 1897, at which time the Mercantile National Bank, of which he was vice-president from its beginning in 1888, was merged with the National Exchange Bank.

Nathan Adams, cashier, has been connected with this bank for about twenty years. He is considered one of the best posted bankers in the Southwest, not only on local but on general conditions in the State. Mr. Adams is an authority on matters pertaining to the handling of cotton and has been called on to take part in the various important discussions which have taken place on this subject throughout the country in recent years.

The assistant cashiers are all men of from fifteen to twenty-five years' experience in banking and each one handles a particular branch of the bank's work.

Herewith is the last statement of September 4, showing the solid condition of this institution:

RESOURCES.

Loans and discounts	\$8,681,321
U. S. bonds, par	1,090,000
Other stocks and bonds	51,000
Banking house and fixtures	120,000
Cash—	
On hand	\$1,350,485.07
With other banks	2,280,886.08
With U. S. Treasurer	50,002.50—3,681,373
Total	\$13,623,695

LIABILITIES.

Capital stock, paid in	\$1,000,000
Surplus fund	1,000,000
Undivided profits, net	386,690
Circulation	1,000,000
Deposits—	
Individual	\$8,133,849.17
Banks and bankers	1,981,890.88
U. S. Government	121,264.88—10,237,001
Total	\$13,623,695

The American Exchange National Bank has a past record for future progress.

LEISURELY COLLECTION REMITTANCES

A WESTERN bank sends to THE BANKERS MAGAZINE copies of correspondence with an Eastern bank wherein the latter admits, in reply to a criticism of slowness in remitting proceeds of a collection, that its custom is to remit for transient collections twice weekly. The Western bank regards this custom as antiquated, and believes that our readers would be interested to know that there is a bank in the United States conducting its business in this manner.

The dealer who (as in this case) draws a draft with bill of lading, the draft being promptly paid, certainly has a right to expect a prompt return.

Doubtless most of the banks in the country are not dilatory in remitting proceeds of collections, but there are probably others besides the bank referred to by our Western correspondent that are reluctant to let go of funds in their possession.

BANKING AND FINANCIAL NOTES



The Branch
Our first President.

Merchants National Bank

RICHMOND, VA.

Capital . . . \$200,000

Surplus & Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

EASTERN STATES

NEW YORK CITY

—Foreign exchange brokers are considering the propriety of forming an organization. C. A. Stern, Julius Beirhals, Alfred Heil, Harold Bayley and Henry Gutting have been appointed to confer with managers of foreign exchange departments of banks and banking houses in this city in regard to organizing such an association. Conferences will be held at an early date, when it is expected a tentative plan of organization will be submitted.

—Following the recent announcement that the Empire Trust Company was increasing its capital from \$1,000,000 to \$1,500,000 and adding at the same time \$2,000,000 to surplus by the sale of 5,000 shares at \$300 a share to "important American and European interests," comes the

second announcement that Percival Farquhar, the South American railroad builder, and Dr. F. S. Pearson, his associate in most of his big railroad and electric developments in the southern republics, are the new interests which have become large stockholders in that company. These men will take places in the directorate.

—Several of the New York banks maintained headquarters at the recent convention of the American Bankers' Association at Detroit. The Hanover National Bank



ALEXANDER D. CAMBELL.

ASSISTANT CASHIER, HANOVER NATIONAL
BANK, NEW YORK, N. Y.

was represented by Alexander D. Cambell, assistant cashier, who gave a cordial welcome to the many callers in the bank's rooms at the Hotel Pontchartrain.

—Former United States Senator Nelson W. Aldrich, who served as chairman of the National Monetary Commission, has be-

Richmond National Bank

Richmond, Virginia.



Capital
\$300,000

Surplus and Profits
\$1,438,000

OFFICERS

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas

come a resident of this city at Sixty-first street and Park avenue, having moved here from Rhode Island.

—Vice-President Samuel M. Jarvis of the National Bank of Cuba was in New York recently on his return from a visit to Santo Domingo, Dominican Republic, where he is also interested in banking.

—Sailing on the Olympic September 7. J. P. Morgan, Jr., commenced his usual autumn vacation, which will extend to the end of November.

—Superintendent Van Tuyl of the State Banking Department has appointed A. T. Campbell, of New York, as chief examiner of the Metropolitan district of his department. He succeeds the late M. W. Hutchins.

—With the ratification by the stockholders, the capital increase of the Title Guarantee and Trust Company from \$4,375,000 to \$5,000,000 becomes effective.

—Allan B. Forbes, managing head of Harris, Forbes & Company, New York, has been identified with the house for the past twenty-one years. This firm is closely



ALLAN B. FORBES
MANAGING HEAD OF HARRIS, FORBES & COMPANY, NEW YORK

BINDERS AND BLANKS

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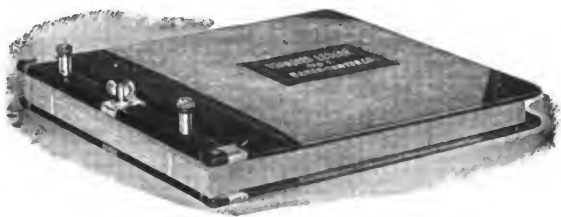
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CHICAGO

HOLYOKE, MASS.



affiliated with the Harris Trust and Savings Bank of Chicago and N. W. Harris & Company, Incorporated, of Boston, and occupies a commanding position among the investment banking houses of the United States. In addition to being one of the largest it has always been recognized as among the most conservative. Its customers include, besides all classes of public institutions, what is believed to be the largest list of private investors of any banking house in the country.

Mr. Forbes has had a wide experience in handling railroad and municipal bonds, besides being a recognized authority on public service corporation securities, and has taken a prominent part in the financing of many of the largest street railway, gas and electric lighting, telephone and water power properties of the country. He is a director in the United States Mortgage and Trust Company of New York, the Harris Trust and Savings Bank of Chicago, the Harris Safe Deposit Company of Chicago, and N. W. Harris & Company, Incorporated, of Boston.

—Directors and stockholders of the Guaranty Trust Company have ratified the agreement by which the Standard Trust Company is to be absorbed. The directors of the Guaranty Trust Company also voted to increase the capital stock from \$5,000,000 to \$10,000,000.

On September 17, 1912, the directors of both institutions met and recommended to the stockholders the formal ratification of the plan, which was adopted by them at a meeting.

This plan provided for the payment of a dividend of \$20 a share by the Standard Trust Company to its stockholders, and for each two shares of the Standard Trust Company stock the stockholders are to receive one share of the Guaranty Company.

From the increased capitalization of the Guaranty, 80 per cent. is offered to stockholders at par, and \$500,000 is paid for the Standard Trust Company. The remaining \$500,000 will be held in the

treasury to be sold at the discretion of the Guaranty directors. The consolidation will take effect immediately.

—Two doors for the \$150,000 vault of the Guaranty Trust Company are being put in place at the company's building, Broadway and Liberty street. The doors are thirty-six inches thick and weigh forty tons apiece. The single hinge on which each door is to swing weighs five tons, and a light movement of the arm will be sufficient to move the door when unlocked.

—Under the direction of its secretary, J. Harvey Smedley, the City Savings Bank of Long Island City recently moved from the Hunters Point section to the Queens Court Plaza Building at the Queensboro Bridge Plaza.

—Baron von Reibnitz of Germany, who has been studying the financial methods used in Wall street, having been sent here by the Government, passes severe judgment on the inclination to speculate in this country.

—In order to take up important work with Joseph P. Day, the well-known New York real estate man, Harrison S. Colburn, vice-president of the Broadway Trust Company, has resigned from that position. The exact line that Mr. Colburn will pursue has not been announced, but it is rumored that he will have charge of an important department of real estate work in Westchester county.

WANTED — POSITION as CASHIER in a bank. Held position as cashier in a National Bank. Ten years of experience. Speaks Slovak, Hungarian and English, and understands about (8) languages. Address, CASHIER, care of THE BANKERS MAGAZINE, 253 Broadway, New York City, N. Y.

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FUR AND FUR-LINED COATS OF EVERY
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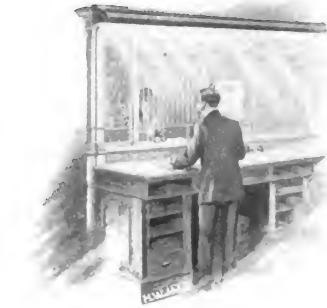
A cashier of a large New York Bank says that *without plenty of light* it is practically impossible to distinguish the new counterfeit dollar bill from the genuine.

The shadow under the American Flag and the expressions on the faces of Lincoln and Grant are three important features in detecting the worthless bills from the real ones. Unless there is ample light these slight differences pass unnoticed and bad bills are accepted.

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flood the teller's desk, etc., with so much light (without glare, spots or shadows), that every character, design, shading, etc., stand out so clearly on all banking paper or currency that variations from genuine are noticed and fraud prevented.

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Toronto	Montreal	Winnipeg	Vancouver	1720	

Mr. Colburn was formerly vice-president of the Flatbush Trust Company. He succeeded Edmund D. Fisher as executive officer when Mr. Fisher resigned to become Deputy Controller of New York. At the time of the consolidation of the Broadway Trust Company with the Flatbush Trust Company he became vice-president of the merged corporation and was president of the Deed Realty Company, an important New York corporation, at the time he was elected to the vice-presidency of the Flatbush Trust Company.

For several years he was associated with V. Everitt Macy, the New York capitalist and philanthropist. Mr. Colburn has been active in State banking matters and is a member of the executive committee of Group 7 of the New York State Bankers Association. He is a member of the Crescent Club and a director of the United Mortgage Company and the Queensboro Gas and Electric Company.

—Appropriate ceremonies were held at the First National Bank of West Elizabeth, Pa., recently in celebration of its tenth anniversary. The bank has had a successful career. A. M. Pierce is president; John A. Snee, vice-president, and A. G. Boal, cashier.

—William R. Bingham has been elected cashier of the Peoples Bank at East Orange, N. J., succeeding Frank R. Wickes.

—At a recent meeting of the board of directors of the Atlantic City (N. J.) National Bank, J. Haines Lippincott was elected president. The surplus fund of the institution was increased to \$450,000, with the addition of \$25,000.

—For its first reserve agent, the newly-formed Ventnor City (N. J.) National Bank has selected the National Park Bank of New York.

PHILADELPHIA

—Hugh Blythe, a member of the firm of Harris, Winthrop & Company, has been elected a member of the Chicago Stock Exchange.

—Resigning as cashier of the First National Bank, Media, Pa., William W. Moss has formed a co-partnership with his brother,

—Having been several years a bookkeeper of the Atlantic Safe Deposit and Trust Company, Atlantic City, N. J., Joseph B. Smith was recently promoted to the position of paying teller, succeeding Phillip N. Bessner, who resigned to accept an appointment as cashier of the Chelsea National Bank in the same place.



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James B. Moss, at one time a clerk in the employ of the Irving & Leiper Manufacturing Company, Chester, Pa., to engage in the private banking business under the firm name of Moss and Moss.

—A firm, composed of Caleb Cresson Wistar and Charles P. Stokes, under the name of Wistar & Stokes, has been formed to conduct a regular bond and banking business. Mr. Wistar was for a number of years connected with the bank and bond house of N. W. Halsey & Co. and is an authority on municipal, railroad and industrial company bonds. Mr. Stokes was recently connected with the firm of Cramp, Mitchell & Shober, prior to which he was associated with Shillard-Smith, Daniel & Co.

BOSTON

—Boston bankers will have the honor of entertaining the next annual convention of the American Bankers' Association some time in the autumn of next year, the exact date to be fixed hereafter.

—A new building is to be erected by the Merchants National Bank. It is to be a modern ten-story fireproof structure and will have its main entrance on State street, with a frontage of sixty feet, while the Devonshire and Exchange street sides will

have an unbroken facade frontage of one hundred and sixty-two feet. The contract for erection calls for the building's completion in one year.

—At the recent convention of the American Institute of Banking in Salt Lake City, Robert H. Bean of the National Union Bank, Boston, was elected to the executive council.

—One of the investment bankers active in perfecting this branch of business is James N. Sechrest, president of J. N. Sechrest & Co., Buffalo, N. Y. Mr. Sechrest was educated at Henderson, Kentucky, and is thirty-five years of age. At the close of his school years, and at the age of twenty, he became connected in a clerical capacity with a large stock and bond brokerage house, and after serving in that capacity for a period of five years, with several advancements in the meantime, he was promoted to the position of chief bond salesman, with a force of agents under his command.

Wishing to go into business for himself, he entered the stock and bond brokerage field on his own responsibility, and made a decided success. During this period of his active career, he successfully directed a number of profitable enterprises. With a

view to extending his field of endeavor, he later organized the corporation of J. N. Sechrest & Co., and is now the principal stockholder in the brokerage house that bears his name.

This house has rapidly risen to a conspicuous position among the reliable brokerage houses of the country, and handles the business of a number of large corpora-



J. N. SECHREST

PRESIDENT J. N. SECHREST & CO., BUFFALO, N. Y. AN INTERESTED LEADER IN THE INVESTMENT BANKERS' ASSOCIATION MOVEMENT.

tions. As the executive head of this corporation Mr. Sechrest directs its business policy and affairs.

In speaking of the newly formed Investment Bankers' Association, Mr. Sechrest said recently:

"It is my opinion that this association is a much-needed organization. I am heartily in favor of the organization as outlined in the constitution submitted to the convention for consideration. The needs of a bureau of investigation as conducted by an organization of this kind are apparent to all investment bankers as well as brokers who make it a part of their business to deal in unlisted securities.

"The association is composed of men and institutions widely known throughout this country, who have entered into investment

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL
\$1,000,000

SURPLUS
\$1,000,000

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JAMES McCUTCHEON, Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cash.

DIRECTORS

James McCutcheon **Samuel Adams**
Charles T. Wills **William H. Gelshoven**
Ruel W. Poor **Morgan J. O'Brien**
Thomas D. Adams

banking as a life work. The needs of this organization were fully set forth in a speech made before the convention by President George B. Caldwell of Chicago, as well as the plans I outlined to the investment bankers assembled at the convention. A careful review of these will give the consensus of thought which inspired the bringing of this organization into existence, and inasmuch as the movement seems to have met popular favor with both press and laymen, the idea seems to be well founded."

—Otto F. Mayer has been elected treasurer of the Manchester Savings Bank and Trust Company, Pittsburgh, Pa., to succeed C. E. Jarvis, resigned.

—A very successful convention of the Vermont Bankers' Association was held at White River Junction recently. The meeting was opened with an invocation by Rev. J. F. Ullery. An address of welcome was given by Charles M. Cone, of Hartford, with a response by ex-Governor W. W. A. Scott, director of the school of commerce, University of Wisconsin.

The officers elected are: President, A. G. Eaton, of Montpelier; vice-president, C. P. Smith, of Burlington; secretary, C. S. Webster, of Barton; treasurer, L. D. Wells, of Orwell.

—Almon P. Hill has been elected vice-president of the Fort Edward (N. Y.) National Bank to succeed A. E. DeForest, who died recently. W. S. Stevenson of Argyle was chosen a member of the board of directors.

Capital - \$2,500,000.00

**FIRST
NATIONAL
BANK**

Deposits, \$32,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,593,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

—Vice-President James S. Sherman, who is also president of the Utica Trust and Deposit Company, Utica, N. Y., recently laid the cornerstone of the new \$260,000 building being erected for this institution.

—A law proposed by Cornelius A. Pugseley, president of the New York State Bankers' Association, and also president of the Westchester County National Bank of Peekskill, went into effect the past month. It provides that the maker of a false statement for obtaining credit through the means of exaggerated representations, inflation of credits, "false appearing" documents, etc., is guilty of a misdemeanor and punishable by imprisonment for not more than one year, or a fine of not more than \$1,000, or both.

—At the annual election of the Newport (R. I.) Trust Company, Thomas P. Peckham, vice-president and manager, was promoted to the office of president to succeed Angus McLeod, who retires on account of ill health. Edward A. Sherman, the treasurer, was elected secretary, and Clark Burdick was elected vice-president to fill Mr. Peckham's place. Col. Samuel P. Colt, H. Martin Brown and Frank C. Nichols of the Industrial Trust Company, Providence, with Edward A. Sherman and Charles D. Easton of Newport were added to the board of directors.

—A. J. Diebold, president of the First Lumber Company, Pittsburgh, Pa., has been elected a director of the Park Bank in that city.

—The Mellon National Bank of Pittsburgh has been approved as a reserve agent for the Farmers National Bank, Pennsylvania, Pa.

—To fill the vacancy caused by the resignation of Thomas W. Swan, who is taking an active part in the organization and operation of the Montgomery County Trust Company, Amsterdam, N. Y., C. Carlton Kelley has been elected secretary and treasurer of the Rockland County Trust Company, Nyack, N. Y. At the same meeting Eugene F. Perry and Wilson P. Foss were elected vice-presidents.

—Stockholders of the Columbia National Bank, Buffalo, N. Y., have voted unanimously in favor of increasing the capital stock and surplus from \$3,500,000 to \$5,000,000.

—Authority for the Montgomery County Trust Company, Amsterdam, N. Y., to begin business was recently issued by George C. Van Tuyl, Jr., State Superintendent of Banks. The new company has a capital of \$200,000, and a surplus of \$50,000.

John Barnes, an Amsterdam merchant, will be the first president, and associated with him as incorporators are: William McCleary, James Blood, Thomas F. McCaffrey, DeBaum Van Aken, Solomon Holzheimer, Theodore S. Dutcher, Carl Mark, Charles C. Yund, William J. Kline, Theodore J. Yund, P. D. Shaul, James W. Furguson, Livingston C. Smith, Kuno B. Schotte and Spencer K. Warnick of Amsterdam; Thomas S. Swan, Nyack and Martin Kennedy, Jr., Johnstown.

—At the State Fair in Syracuse, N. Y., George C. Van Tuyl, Jr., Superintendent of the State Banking Department, had prepared an exhibit of several of the more interesting labor-saving devices in use by

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CAPITAL \$1,600,000.00

Cleveland, O.

SURPLUS AND PROFITS
\$1,000,000.00

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E. R. FANCHER, Vice-President

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W. C. SAUNDERS, Asst. Cashier

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E. E. CRESWELL, Asst. Cashier

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banks. The up-State bankers, and the public generally, were greatly interested in the banking department's exhibit this year.

Another new feature was a booklet which was distributed to visitors to the fair, showing the progress of banking from its inception to the present day as well as the safeguards placed around banking operations for the protection of the public.

The exhibit included many of the interesting features of former years, such as the placards containing important statistics, exhibiting at a glance the great growth of banking in institutions under the supervision of the banking department; specimens of important reports, and transactions showing the daily work of the banking department; photographs of important State banking institutions and specimens of bank notes issued by State banks between 1836 and 1841, together with counterfeits of the greenbacks.

—On August 31 the North Avenue Savings Bank of Cambridge, Mass., celebrated its fortieth anniversary.

—An appropriate pamphlet has been issued by the First National Bank, Portsmouth, N. H., commemorating the facts of that city's history in connection with the bank's progress since its organization in 1824.

—Surrounded by officers and directors of the bank of which he is president, Benjamin F. Spinney was presented with a loving cup in celebration of his eightieth birthday, at the meeting of the Security Trust Company's (Lynn, Mass.) directors the past month. Mr. Spinney has been a bank president for thirty years.

—The Mechanics National Bank of Providence, R. I., in its recent statement to the comptroller, showed total deposits of \$3,251,169.91. Eleven years ago, when the bank moved into its present quarters its depositors totaled but \$750,000 and since the present banking rooms were enlarged and improved, two years ago, the bank's business has steadily increased. The bank has a capital of \$500,000, surplus and profits of \$271,524.01 and total assets of \$4,516,893.92.

SOUTHERN STATES

—A reserve account has been opened by the District National Bank, Washington, D. C., with the Fourth National Bank of New York.

—John F. Joyner of the Bank of Greenbrier, Tenn., has been elected cashier of the Broadway National Bank, Nashville, Tenn., to succeed A. E. Potter, who became president of the institution on May 27.

—The absorption of the Farmers and Merchants' Banking and Trust Company of Leesburg, Va., by the People's National Bank, has been completed. The board of directors of the People's National has been increased through the admission of five members of the trust company's board. The People's National Bank, one of the strongest national banks in Northern Virginia, was established in 1888 and has a capital and surplus of \$170,000 and deposits of \$850,000. E. B. White is president and Bruce McIntosh, cashier.

—In consequence of B. E. Taylor's purchasing the control in the Bank of Colum-

THE BANKERS DIRECTORY

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In its twenty-ninth year and
BETTER THAN EVER

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A serial history of a most interesting experience of a city man who became a wonderful farmer.

**THE FRUIT-
FUL LAND**

A series of cheerful experiences with the land.

**WHAT THE
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A serial account of what was done for a run-down village.

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Bankers, Oct.

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The Merchants-Laclede National Bank

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Capital - - - - - \$1,700,000.00

Surplus and Undivided Profits \$1,800,000.00

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Hardware Co.
J. J. WERTHEIMER,
President Wertheimer-Swartz
Shoe Co.
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Pres. Polar Wave Ice & Fuel Co.

bia, S. C., the personnel of the bank has been changed through the election of B. F. Taylor, president; E. G. Seibels and Martin Stork, vice-presidents, and L. L. Hardin, cashier. Mr. Stork was formerly assistant cashier.

—In order to become associated with J. Harmans Fisher & Son of Baltimore, Ernest J. Ficht, after nearly thirty years' steady association with the German Bank of that city, has retired from the position of cashier.

—J. W. Hoopes, one of the most popular and thorough bankers of Texas, has been chosen vice-president of the City National Bank of Galveston.

Mr. Hoopes has been a leader in progressive business enterprises of Austin and the surrounding territory for many years, and has come to the fore in every project for the commercial and industrial advancement of Austin. For the past four years he was vice-president of the Austin National Bank, and previous to this was cashier of the First National Bank of Manor, his early home, where he was connected with the organization of the bank. He retained a directorship in the institution after removing to Austin.

Mr. Hoopes is thirty-six years old and

has had wide experience in banking. His ability as an organizer and to keep closely in touch with administrative details has procured for him several re-elections to the secretaryship of the Texas Bankers' Association, an office he still holds.

—Stockholders of the recently-formed Central Texas Exchange Trust Company, Waco, Tex., at their first meeting elected a board of directors and chose R. B. Spencer, president; F. E. McLarty, active vice-president; C. L. Johnson, P. A. Gorman, G. Smith and J. M. Higginbotham, Sr., vice-presidents, and J. M. Higginbotham, secretary and treasurer.

—Having received its charter, the Anchor Bank and Trust Company, Raleigh, N. C., as a preparation for beginning business at an early date, has elected J. O. Ellington, president, and Eugene Armbruster, cashier.

—To take the place made vacant by the death of C. B. Delaney, D. H. Doyle, vice-president of the Border State Savings Bank, Baltimore, Md., has been elected to the presidency of that institution.

—B. F. Yoakum, chairman of the board of directors of the St. Louis and San Francisco Railroad, has been elected a director



of the Canal-Louisiana Bank and Trust Company, New Orleans, La.

—Texas has a live Commissioner of Insurance and Banking in the person of B. L. Gill, who is taking a keen interest in meas-



B. L. GILL

COMMISSIONER OF INSURANCE AND BANKING,
STATE OF TEXAS

ures for adding to the efficiency of his department. He favors civil service examination for State employees, and is also advocating the passage of a "blue-sky" law for the better protection of investors.

—September 2 was the seventeenth anniversary of the First National Bank of Commerce, Hattiesburg, Miss. Since 1895, at which time the present city was a small village, the bank has probably done more for the betterment and development of that section than any influence except the railroads, and at present has deposits aggregating \$1,823,045. The bank has always shown a willingness to amply protect its depositors by increasing its capital as its deposits increase, now having a paid-in capital of \$350,000 and undivided profits of \$90,800.83, which, with the double liability of shareholders of national banks, makes the total protection it offers depositors, \$790,800.83.

The deposits now total more than any other bank in Mississippi, and more than any other bank in the South located in a city no larger than Hattiesburg, an unusual distinction.

—Plans have practically been completed for the formation of a new \$1,000,000 trust company at Memphis, Tenn., to be known as the Commonwealth Trust Company. It opens for business with \$400,000 of its capital stock paid in. The leading men of the new bank are among the best-known business men of Memphis and surrounding territory. G. H. Barney is to be the president. Mr. Barney is a highly successful realty man and banker of Gloster, Miss. P. P. Williams, bank director and business man, is vice-president; A. Y. Allen, realty dealer, is cashier. Among the others fostering the institution are: E. R. Parham, W. A. Hein, A. L. Parker, C. P. J. Mooney, H. P. Johnson, Thomas A. Evans, Albert W. Biggs, J. A. Riechman, John L. Parham, Phil Pidgeon, D. A. Fisher, T. H. Tutwiler, T. H. Hilton, J. H. Hines, E. E. Edmunds and J. H. Phillips.

The Commonwealth Trust Company is primarily a clearing-house for first mortgage securities of the section that has



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Surplus and Profits	-	-	-	457,000.00
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C. G. FEIL, Asst. Cashier



E. G. ALCORN
President

From Bank Clerk to Cashier

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Memphis for its trading centre. In addition to this feature of the work several other departments will be established, it is said, as soon as the bank is put in working order. The charter gives the concern the usual rights of a bank and trust company.

—It is said that much foreign capital has been invested in Texas of late.

—The Guaranty State Bank and Trust Company of Dallas, Texas, has absorbed the Mechanics Trust and Savings Bank in that city, making an institution with deposits of nearly \$3,000,000. The merged institutions will bear the name of the Guaranty State Bank and Trust Company.



D. E. WAGGONER

PRESIDENT GUARANTY STATE BANK AND TRUST COMPANY, DALLAS, TEXAS, WHICH RECENTLY ABSORBED THE MECHANICS TRUST AND SAVINGS BANK OF THAT CITY

Much of the success this bank enjoys has been due to the efficient and consistent work of its president, D. E. Waggoner. His thorough training and wide experience have given him a reputation as one of the best bankers in the State.

—Announcement is made that the National Exchange, Insurance and Trust Company, Waco, Texas, has taken over the assets and organization of the Brazos Valley Trust Company, and a consolidation has been formed that makes this one of the strongest trust companies in the South and one in which the strongest financial men of Central Texas are interested. The officers are as follows: Charles A. Weathered, president; Sam Sanger, vice-president; James B. Baker, vice-president; James H. Lockwood, vice-president; George W. Cole, Jr., Belton, Texas, vice-president; S. J. Jennings, vice-president; R. E. L. Upchurch, Bedias, Texas, vice-president; T. P. Moore, Bay City, Texas, vice-president; Nathaniel S. Smith, secretary; W. H. McCullough, treasurer; Spell & Sanford, general counsel; Gabriel J. Winter, title officer.

WESTERN STATES

—A new bank has been formed in Montebello, Cal., capitalized at \$100,000. It occupies a modern building, which has every up-to-date improvement. The officers of the bank are: H. A. Church, president; George W. Scott, vice-president; J. W. Van Orsdell, cashier. Directors: C. C. Cottle, J. F. Atkinson of Los Angeles; E. A. Martin, A. E. Matson, C. L. Edmundson, E. T. Cochrum, R. O. Church of Burbank, and the bank officers named.

—Taking \$500,000 from undivided profits and adding it to the surplus, that account now amounts to \$1,500,000 at the First National Bank of Cleveland, Ohio. The bank has a capital of \$2,500,000.

—Herbert Witherspoon, vice-president of the Spokane and Eastern Trust Company, Spokane, Wash., recently returned from a trip East.

—The Bank of Percival, Ia., has changed its name to the Percival Bank.

A STRONG, LIVE, PROGRES-
SIVE INSTITUTION TRANS-
ACTING REGULAR COM-
MERCIAL BANKING IN
ALL ITS BRANCHES.

Capital,
\$2,000,000.00

Surplus,
\$1,000,000.00

Resources,
\$20,000,000.00

FIRST NATIONAL BANK RICHMOND VIRGINIA

W. M. HABLSTON,
Chairman of the Board.

JOHN B. PURCELL, President.

JNO. M. MILLER, Jr., Vice-Pres.

W. M. ADDISON, Cashier

C. R. BURNETT, Asst. Cashier

W. P. SHELTON, Asst. Cashier

ALEX. F. RYLAND, Asst. Cashier.

J. C. JOPLIN, Asst. Cashier.

O. S. MORTON, Asst. Cashier.

JOHN TYLER, Asst. Cashier.

W. H. SLAUGHTER, Asst. Cashier.

—Recently incorporated at Crawfordsville, Ia., the People's State Bank has chosen Dr. N. J. Lease as its first president.

—Capitalized at \$200,000 and having a surplus of \$50,000, the Commercial National Bank of Minneapolis, Minn., commenced business on the fifth of September. Following are the officers: President, S. E. Forrest of Birton, S. Dak.; vice-presidents, S. H. Bowman of Minneapolis, Minn., and S. J. Mealey of Monticello, Minn.; cashier, Guy C. Landis of Duluth and Minneapolis, Minn. The directors are the officers and the following: Isaac Lincoln of Aberdeen, S. Dak.; Robert W. Akin of Anoka, Minn.; H. F. Schultz, O. W. Schultz and J. S. Porteus, all of Minneapolis, Minn.

—L. V. Hill has been elected president of the new Bank of Taylor Springs, Ill.

—A new bank has been opened in Omaha, Neb., under the name of the Omaha State Bank. It is capitalized at \$300,000 and will occupy a bank building erected for it. The officers are: A. L. Schantz, president; A. S. White, vice-president, and J. L. Svoboda, cashier.

—C. Edward Born has been elected vice-president of the Central National Bank of Columbus, Ohio.

—President Clarence H. Howard of the Commonwealth Steel Company has been elected a director of the Boatmen's Bank, St. Louis, Mo.

—Resources of the Indiana National Bank, Indianapolis, Ind., which combined with the Capital National Bank recently, are stated at over twenty million dollars.

—At the annual convention of the Montana Bankers' Association, held at Kalispell, these officers were elected: President, J. T. Wood, White Sulphur Springs; vice-president, D. R. Peeler, Kalispell; secretary, Mark Skinner, Great Falls.

—The organization committee of the proposed Indiana State Bank, at Indianapolis, Ind., composed of Frank E. Gavin, ex-judge of the Appellate Court; Frank I. Galbraith, Fremont Goodwine, Hubert H. Woodsmall and Edwin M. Hinshaw, report encouraging progress in their work of organization and the enlistment of capital in the new enterprise on the part of merchants, manufacturers and capitalists through subscriptions to the capital stock of the bank. The banking rooms and furniture occupied and used by the Continental National Bank have been acquired for the Indiana State Bank.

—In a speech before the Nebraska Bankers' Association recently, Dr. P. L. Hall of Lincoln spoke of the strength of the currency and banking system of this country, and while saying that there was need of improvement, decried laws that would revolutionize the whole system, saying that to try experiments would only weaken matters and precipitate panics.

The Banker and Tradesman
has for over thirty years
been the representative
financial and business weekly
of Boston and New England

127 FEDERAL STREET, BOSTON

—The National City Bank has been organized at Salt Lake City, Utah, with \$250,000 capital.

—An information bureau has been established by the Northwestern National Bank, Minneapolis, Minn., to give information about the industrial and general situation around that city and in the Northwest. It is in charge of Frank Merrill, formerly one of the bank's tellers.

—On September 3 the Continental National Bank of Indianapolis, Ind., moved into its new banking quarters at 28 South Meridian street.

—Two vast fortunes have been brought together in Nevada recently through the election of George Wingfield as president of the Nixon National Bank and also president of the Bank of Nevada Savings and Trust Company, both of Reno. The late Senator George S. Nixon and George Wingfield were originally partners. After many years of association they separated their business interests, Mr. Wingfield assuming the mining end, while Mr. Nixon took over the banking interests. This elec-

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tion unites interests estimated at \$50,000,000.

—Following are the officers elected at the recent convention of the Colorado Bankers' Association, held in Pueblo: President, Harry M. Rubey, cashier Woods-Rubey National Bank, Golden; vice-president, R.

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V. GONZALES

Manager Foreign Department The Bankers Publishing Company

253 Broadway

New York, N. Y.

Announcement

The year 1913 will mark the Fiftieth Anniversary of the establishment of the National Banking System.

To fittingly commemorate this

Semi-Centennial of the **National Banks**

THE BANKERS MAGAZINE will, early next year, issue a special number devoted to the origin, progress and present position of the National Banks of the United States.

ARTICLES will be contributed by statesmen, bankers and financial authorities. The development of every phase of National Banking will be covered.

STATE Banks, Savings Banks and Trust Companies will also be included in this summary, making it a valuable epitome of the

Progress of Banking **in the United States**

Further details regarding this very important special issue will be given in later issues of the Bankers Magazine

IMPORTANT

Bankers contemplating making changes in Banking Rooms, send for a copy of article entitled

"Scientific Arrangement and Furnishing of Offices"
which will be forwarded gratis upon request.

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REFERENCES

<p>Do not judge a man's ability by what he says—but what he has done for others</p> <p>BANKERS TRUST CO., New York. GUARANTY TRUST CO., New York. AMERICAN EXCHANGE NATIONAL BANK, New York. FOURTH NATIONAL BANK, New York. FIFTH NATIONAL BANK, New York. MARINE NATIONAL BANK, Buffalo. MUTUAL LIFE ASSURANCE COMPANY OF CANADA.</p>	<p>WHITNEY CENTRAL NATIONAL BANK, New Orleans. ESSEX COUNTY NATIONAL BANK, Newark. FIRE ASSOCIATION OF PHILADELPHIA. SECOND NATIONAL BANK, Boston.</p>
--	---

A. Nickell, vice-president Home Savings Bank, Montrose; treasurer, Fred O. Roof, president Minnequa Bank, Pueblo.

—A new bank has been formed on the great West Side of Chicago called the Mechanics and Traders State Bank. It has a capital and surplus of \$250,000, as well as a strong board of directors, composed of

well-known financiers and merchants of Chicago, and also officers familiar with the needs of the community. Norton F. Stone, who has much business experience in that section of the city, has been elected cashier. Following is a complete list of directors and officers: Directors: William T. Abbott, vice-president Central Trust Company of Illinois; C. D. Burkhardtmeier, Burkhardtmeier Bros.; Calvin F. Craig, president; Henry Gainer, Gainer & Koehler; William R. Dawes, vice-president and cashier Central Trust Company of Illinois; Frank Gould, L. Gould & Co.; Joseph E. Otis, vice-president Central Trust Company of Illinois; C. B. Scoville, real estate; R. Will-

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By H. T. EASTON, Associate of the Institute of Bankers. Treats of the above subjects in their practical, theoretical, and legal aspects.

"Is so complete and contains so much that business men and banks in the financial districts have ordered their clerks to read it. It also contains information that every modern business man should have at his fingers' ends."
—N. Y. Evening Telegram.

The Bankers Publishing Co.

253 Broadway, New York



NORTON F. STONE

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CHICAGO, ILL.

DIAMOND
NATIONAL
BANK

DIAMOND NATIONAL BANK

PITTSBURGH, PA.

OFFICERS

WILLIAM PRICE, President
D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

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Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

iamson, president R. Williamson Co. Of-
ficers: Calvin F. Craig, president, former-
ly cashier of Metropolitan Trust and Sav-
ings Bank and vice-president Central Trust
Company of Illinois; William R. Dawes,
vice-president, vice-president Central Trust
Company of Illinois; Norton F. Stone,
cashier, formerly assistant cashier the
Prairie State Bank.

—In Milwaukee, Wis., the new building
of the Merchants and Manufacturers' Bank

was taken possession of by the bank on the
fourth of September.

—D. R. Seifkin has been elected presi-
dent of the First National Bank of New-
ton, Kansas, to succeed S. Lehman, who,
after thirty-five years' continuous service as
head of the institution, tendered his resi-
gnation.

—A. J. Hoffer has resigned his position
as cashier of the First State Bank of Pe-
troskey, Mich., as well as membership of
the board of directors, having arranged to
go into the banking business at Anamoose,
N. D. At a meeting of the board of di-
rectors on September 4, Charles A. An-
drus was elected cashier to succeed Mr.
Hoffer. Mr. Andrus was for several years
secretary and treasurer of the W. W. Rice
Leather Company of Petroskey and is
very well and favorably known in that city.
The board also elected Hon. D. H. Hinkley
director to fill the vacancy caused by Mr.
Hoffer's resignation. Mr. Hoffer left Pe-
troskey bearing with him the respect and
best wishes of the bank with which he had
been connected there and in fact with the
good wishes of the entire community.

—B. V. Dela Hunt, for many years promi-
nently identified with banking affairs in
Milwaukee, Wis., was elected assistant cas-
hier of the Merchants and Manufacturers
Bank at a recent meeting of the directors.

Mr. Hunt was born in Milwaukee and has
lived there all his life. Twenty-four years
ago he entered the service of the Milwaukee
National Bank as messenger and was pro-
moted through the various departments of
the bank's activities, until at the time of
the Milwaukee National Bank's merger
with the First National Bank he held the
position of assistant cashier, and after the
merger taking a position with the purchas-
ing bank.

—A real estate loan department has been
opened by the Fort Dearborn Trust and
Savings Bank of Chicago, under the man-

A Book for Tellers

"THE MONEYS OF THE WORLD"
Is a Handy Reference Work
for Every Bank

THE latest publication of the Bankers
Handy Series is just out. It is No.
IV. — "THE MONEYS OF THE
WORLD," and the author is James P.
Gardner, of New York.

In this practical book are compiled
within a small compass a complete list
of the various denominations of the mon-
eys of the principal countries of the
world.

The lists are so arranged in tables un-
der the respective countries that the av-
erage price at which the denominations
of the foreign coins and bank notes may
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This hand-book will prove of very great
value to banks throughout the United
States in enabling tellers to determine
readily the amount they may safely ad-
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NICHOLAS F. PALMER, Vice-President.
FREDERIC W. ALLEN, Vice-President.
FRANK O. ROE, Vice-President.

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

agement of Frederick A. Myren, who was formerly connected with the Otto Young and L. J. McCormick estates.

—Dr. W. O. Thompson has been elected a vice-president of the City National Bank of Columbus, Ohio, to succeed the late David Westwater.

CANADIAN NOTES

—An issue of \$500,000 new stock is being distributed by the Bank of Ottawa at \$200. Shareholders of record on August 31 were allowed to participate. The present subscribed capital of the bank is \$3,500,000, all paid up, out of \$5,000,000 authorized and the reserve is \$4,000,000. The premium on the stock will make the reserve fund \$4,500,000, as compared with \$4,000,000 capital.

W. H. Draper, former inspector of the Molsons Bank, has been appointed superintendent of its branches. E. W. Waud, assistant inspector, has been appointed inspector.

—A branch of the Canadian Bank of Commerce has been opened at Prince Arthur and Park avenues, Montreal, under the management of J. B. Beach.

—W. H. Green, manager of the Canadian Bank of Commerce at Dresden, Ont., has been appointed manager of the Tillsonburg branch. He will be succeeded at Dresden by R. H. Edmonds of Belleville.

—A new branch of the Bank of Montreal has been established at Granby, Que., under the management of C. A. Thompson.

—E. C. McLaren, manager of the Bank of Hamilton, at Carmangay, Alta., has been moved to Bradwardine, Man. The new

manager at Carmangay will be G. J. Gibson of Nanton, Alta.

—Having completed two years and a half as manager of the Quebec branch of the Bank of British North America, R. L. Ellis has resigned this position to accept that of manager at the Montreal branch of the Quebec Bank. Mr. Ellis has been for the past sixteen years in the employ of the Bank of British North America and came to Quebec from Vancouver to assume the local managership of the bank.

—A. A. Steplar, manager of the Traders' Bank, Harriston, Ont., is to be transferred to the managership of the Royal Bank at Didsbury, Alta. S. A. Duke of Toronto will succeed him as manager of the Harriston branch.

—A branch of the Bank of Montreal has been opened at Magog, P. Q., under the management of D. W. Oliver, with the title of acting manager.

—Manager C. H. Easson of the Bank of Nova Scotia at Winnipeg, after twenty-eight years' service, resigns to become general manager of the Bank of New Brunswick.

—Blair Robertson, now manager of the Bank of Nova Scotia at Hamilton, has been appointed manager at Winnipeg.

—W. R. Wadsworth, who for a number of years has occupied the position of manager at the main branch of the Bank of Toronto, in Toronto, has retired from the service. Mr. Wadsworth's position will be filled by John F. Skeaff of the head office staff.

—An accountant of the Toronto branch of the Molsons Bank, Thomas Carlisle, has been appointed an assistant inspector of that bank at Montreal.

You may have nothing to do with Foreign Money today but you may have tomorrow

Do you know *ALL* about it? Do you know *ANYTHING* about it?

In small places as well as in large ones *SOMEBODY OUGHT* to know.

And that somebody is certainly the *BANK OFFICER*, the *BANK EMPLOYEE* or *SOMEBODY* in the bank.

Immigration is not ceasing. On the contrary it is *INCREASING* and so is our *FOREIGN TRADE*.

Immigrants bring in money of *THEIR* own country and in most cases such money is as good as *AMERICAN MONEY*.

EVERY KIND OF MONEY IS USEFUL and its value should be known everywhere.

Every district in the country is trying to push the **exports of American Goods to all countries** over the world. **Knowledge of Foreign Currencies and Exchange** is **indispensable** if an intelligent competition is to be sustained abroad.

The time when we **knew** what we wanted to **sell** *has passed*. We must now **know** what **we can sell** and **how we can sell it**. We must meet the competition of all other countries and we **must know** the requirements of **our buyers**. If we **don't know** anything about *their money* we will not be able to maintain the commercial struggle.

Theoretical books will teach you *more than you care to learn* for **practical** use, will absorb your time and may confuse you with the study of monetary problems. Such books are expensive, costing all the way from \$2 to \$10.

Our tables

“Foreign Currencies” and “Foreign Exchange Rates”

will acquaint you with **all** you need to know about currency and exchange rates of **all commercial countries** in **six pages**. And they cost **ONLY FIFTY CENTS** each (postpaid).

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If they are satisfactory kindly send us the price. If you do not care for them they can be returned.

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SOLE AGENTS

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—The directorate of the Royal Bank of Canada (head office, Montreal) has been increased by the election as additional directors of the following: E. F. B. Johnston, K. C., of Toronto; W. J. Sheppard of Wau-bashene; C. S. Wilcox of Hamilton, president of the Steel Company of Canada, and Albert E. Dymont of Toronto. Mr. Johnston was also elected second vice-president; E. L. Pease, the general manager, remains first vice-president, and Stuart Strathy becomes supervisor for Ontario, with offices

at Toronto. These changes follow the merger of the Traders' Bank of Canada (head office, Toronto) with the Royal Bank. H. S. Holt continues as president of the latter.

—A branch of the Canadian Bank of Commerce has been opened at Hanna, Sask.

—A branch of the Canadian Bank of Commerce has been opened at the corner of Superior and Huron streets, Sault Ste. Marie.

MONEY WELL SPENT

Publicity Department,

Bankers Publishing Co., New York City :—

You will find enclosed herein a copy of our latest statement, and I would particularly call your attention to the very gratifying increase in deposits (from \$269,403.11 to \$322,770.89) over our June 14th statement. It is no single deposit that makes this increase. It is just a natural increase in business. I wonder if it is your good advertisements? I know of nothing else to attribute it to. If we can continue to show an increase like this I can assure you it is money well spent.

R. B. PARRISH,

Cashier The National Bank of Commerce
Williamson, W. Va.

Sept. 11, 1912.

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Author of
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We do not hesitate to say that "2000 Points for Financial Advertising" is the best thing of the kind that has come under our observation. The ads. are all striking and to the point.

W. F. BANE, Asst. Cashier.

The First National Bank, Bluefield, W. Va.

A HANDY VOLUME.

This is a handy volume for use in the preparation of financial advertising matter, giving pithy observations upon the value of thrift, and upon such topics as may appropriately receive publicity in the advertisements of commercial banks and trust companies.
—Springfield (Mass.) Republican.

"2000 Points for Financial Advertising" contains a wealth of the best material. It is not a collection of advertisements, but represents the cream of Mr. MacGregor's long experience as a writer of forceful financial advertising. 137 pps. Cloth bound.

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By the same author, is a practical handbook on bank, trust company, safe deposit, bond, stock, insurance and real estate advertising, now in its 4th edition. How to prepare booklets, prospectuses, letters, circulars, street-car cards, newspaper and magazine advertisements that will "pull." A glossary of advertising terms, illustrations of good and poor advertising, methods of conducting an advertising department, and details of campaign plans and follow-up systems. 197 pps. Illustrated. Cloth bound.

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THE BANKERS PUBLISHING COMPANY
253 Broadway - - - New York City

—A branch of the Bank of Montreal has been opened in Calgary, to be known as the East End branch, under the management of I. G. Pierson, with the title of sub-agent.

—Directors and the president of the Union Bank of Canada, who returned in September from an extended trip to the western provinces, report an astonishing growth in those sections.

—G. L. M. Kirkwood, accountant at the Merchants Bank, Winnipeg, has been promoted to the management of the bank's branch at Antier, Sask. A. S. J. Galloway will become accountant.

—Following are the recent changes in the Sterling Bank: W. F. Burrell, accountant at the West Toronto branch, has been appointed acting manager at the branch at

Broadway avenue and Wilton avenue, Toronto; J. R. Carr of the Winnipeg branch has been transferred east and is now acting manager at Bridgeburg, Ont.; H. L. Preter, late accountant at Uxbridge, has been appointed acting manager at Port Credit, Ont.; W. M. Thompson, accountant at the Cornwall branch, is acting manager at Almonte branch during the absence of J. Bain on sick leave.

—A branch of the Quebec Bank has been closed at Alix, Alta, and one has been opened at Craven, Sask., under the management of A. E. Reid.

—The Sterling Bank of Canada has opened a branch at Regina, Sask. Charles O. Hodgkins is manager, and S. B. Apple, accountant.

THE IDEAL FLOOR COVERING FOR BANK AND OFFICE BUILDINGS

THE vital question to be solved when selecting a flooring material for bank use are durability and satisfactory service. At the same time the flooring must be noiseless and so designed as to harmonize

with the interior color scheme and fittings of the building.

About twenty years ago the New York Belting and Packing Company placed upon the market a material which combines all



CHASE NATIONAL BANK, NEW YORK CITY

(EXAMPLE OF FLOOR COVERING INSTALLED BY NEW YORK BELTING AND PACKING CO.)



OAKLAND BANK OF SAVINGS, OAKLAND, CALIFORNIA
(EXAMPLE OF FLOOR COVERING INSTALLED BY NEW YORK BELTING AND PACKING CO.)

of these features. Interlocking rubber tiling, as manufactured by this company, has been extensively used in bank and office buildings and has proved its worth to hundreds of such buildings.

The noiseless feature alone makes it the most desirable floor to use, for the reason that it overcomes the objectionable features of hard unyielding flooring materials, thereby eliminating the constant clatter caused by customers entering and leaving the bank, and at the same time is so durable as to withstand the enormous traffic to which such a floor would be subjected.

The noiseless feature is but one of many other advantageous ones; the tiling is artistic, sanitary, non-slippery and fire resistant.

This material can be laid on any smooth and level foundation by a mechanic of ordinary ability, no particular skill being required. The ease with which the work can be accomplished recommends these floors for use in banks located at distant points where it becomes necessary to employ local mechanics. The accompanying cuts show two banks recently equipped with floors of interlocking rubber tiling.

SPOTTING THE SAVERS

THE late Marvin Hughitt, president of the Northwestern Railway system, called his auditor to his office one day and asked:

"You have a young man named Cunningham in your division, have you not?"

"Yes, sir," replied the auditor.

"Well, keep your eye on him."

"What for? He's one of my best men."

"Well, he ought to be. I saw him and his wife depositing money in a savings bank the day before Christmas."—
St. Louis Globe-Democrat.

BANKERS' CONVENTIONS THIS MONTH

ARIZONA—Tucson, October 18-19.

KENTUCKY—Louisville, October 2-3.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SIXTY-SIXTH YEAR

NOVEMBER, 1912

VOLUME LXXXV, NO. 5

PERILS OF PROSPERITY

NATIONS, like individuals, are not exempt from the pitfalls incident to a season of unexampled prosperity. Indeed, warnings are not lacking that what we term prosperity is nothing more than an economic debauch, to be shunned as other debilitating forms of excess. There may be a grain of truth in that view, but certainly most individuals, as well as most nations, prefer to risk the possible evils of prosperity rather than to endure the certain ones that wait upon adversity.

The outlook for a season of great, perhaps unprecedented, prosperity in the United States is exceedingly bright at this time. Something may occur at any moment to becloud this rosy outlook—a foreign war, some unforeseeable disaster, or what not. Even as this is written—and this is said wholly without partisan bias—there is a little cloud on the horizon, perhaps not so big as a man's hand. This is the uncertainty about the tariff. At the time this is written, the political prospects favor the triumph of the party committed to a thorough-going revision of the tariff.

Nearly everybody is agreed that the tariff needs revising, and opinion seems

to favor a general scaling down of duties. But even if this feeling were unanimous, and should it be universally conceded that a radical reduction of duties would prove beneficial, this would not deprive the impending change of harmful possibilities while in the making. For a country whose industries are so thoroughly established on a protective basis as are those of the United States, any marked departure from this policy is almost certain to occasion disturbance while our manufacturers are adapting themselves to the new conditions. Yet, in the long run the change may be beneficial and the new conditions better than the old.

Perhaps this uncertainty about the tariff and the slight check it may impose on enterprise may not be an unmixed evil. With a nine-billion dollar farm crop, and the generally rosy outlook, a tendency is already seen for business to take the bit and rush ahead rather more rapidly than is consistent with safety. There is, of course, a solid basis for prosperity, and barring some accident, the country should for several years continue to add to its wealth at a fair rate.

DEAD OR PLAYING 'POSSUM, WHICH?

POSSIBLY the funeral oration delivered in last month's MAGAZINE over the supposed corpse of the National Reserve Association plan of banking reform may have been a trifle premature. There are some signs that this measure is not dead, but playing 'possum. Those in charge of the plan did not think the midst of a political campaign an opportune time to push it. They, therefore, put on the soft pedal and the gum shoes. After the campaign is over, they will come out strong and try to hurry Congress into approving the central bank plan. They will likewise use their persuasive powers on the President-elect. Should this be Mr. TAFT, the task would be easy; should it be Colonel ROOSEVELT, he might balk a little. Evidently, the Aldrich people have strong hopes of Mr. WILSON. They seem to be strangely confident of winning him over. Perhaps he is won over already.

Obviously, it would have been most unwise from a political standpoint to have brought forward the Reserve Association plan during the campaign, for when the people once realized that they were being asked to fasten a hundred-million dollar central bank upon the country for fifty years, they would not only have rejected the proposal, but also defeated the party responsible for it.

This view is supported by the fact that neither of the three parties contending for public support dared make an open avowal in favor of the Reserve Association plan; two of them expressly condemned it, and the other, while rather impliedly favoring it, was afraid to do so openly.

At Detroit the governing powers of the American Bankers Association were wise enough to see that it was not good politics for the bankers to be

pushing the plan at this time, so they decided to imitate "Brer Rabbit" and lie low until a more convenient season.

All this astuteness may come to naught should Mr. BRYAN's voice be a controlling one in the next Administration. Whatever Mr. WILSON may be led into by his other advisers, it is hardly conceivable that BRYAN could give his support to the Aldrich bank plan. It is contended, however, that although Mr. WILSON will pay great heed to Mr. BRYAN's counsels on some matters, he will not allow the Nebraska statesman to dominate the Administration's financial policy, which may or may not be true. But should Mr. WILSON lend his aid to forcing the Reserve Association plan through Congress, it would be a violation of the pledge of his party's platform, which specifically condemns this measure. Possibly the plan could be so sugar-coated as to obviate this objection. In the history of parties platforms have been known to lose much of their sacred character after election. The Progressives declare that they regard their platform as a contract to be faithfully carried out. But even the most carefully-drawn contracts are sometimes susceptible of various interpretations. The warm emotions that enkindle the heart of a candidate before election grow cold after election and many of the things about which he was enthusiastic on "the stump" pale their uneffectual fires when tested by the calm light of reason.

Of course, it is very easy to indulge in criticism of the Reserve Association plan, as it is of all constructive measures which propose to inaugurate radical changes of any kind. Criticism that merely stops at finding fault does not amount to much. Were it certain that nothing better could be had, it might be well to accept the Reserve Association plan (with some of its most ob-

jectionable features eliminated) rather than to leave things in their present chaotic state.

Our own judgment is, as stated in some detail in last month's *MAGAZINE*, that the defects in our banking system could be remedied by very simple legislation and without creating any new financial machinery whatever. If the existing reserve banks were properly equipped, and some additional coöperation provided for through the clearing-house organizations, there would be very little left unsolved in our existing banking problems. We know this statement will hurt the feelings of those gentlemen who have consumed many lead pencils and much blank paper in elaborating fine currency and banking plans, but it is the truth nevertheless.

The Reserve Association plan which, whatever any one may say to the contrary, is substantially a central bank, capitalized at \$100,000,000 and chartered for fifty years, controlled in a way that many believe will make it the easy prey of great financial interests, even if that be not the express design of the framers of the measure, arouses the suspicion of the people and of the banks themselves. Even if it were not a central bank, it is at least a new and strange piece of financial machinery with which bankers of the present day are entirely unfamiliar. The small banks, constituting a preponderating element of the total, are suspicious of any plan which may in its workings give some undue advantage to their more powerful competitors.

The reasons, both political and banking, against seeking at this time to establish a central bank, or indeed to set up any new piece of financial machinery, general in its operations, seem conclusive. But we know that there are others of greater authority and certainly of no less candor and honesty who think otherwise.

If their view should prevail and we are to have a new kind of organization, the plan devised by Mr. FOWLER seems to us to be far preferable to that put forth by the Monetary Commission. Not only is it free from the unsound economic features which render the Reserve Association plan objectionable, but it differs from the latter fundamentally. The Reserve Association plan virtually centralized the gold reserves and credits both. Mr. FOWLER's plan gives a certain degree of centralization to the gold reserves—certainly as much as is desirable—but it decentralizes credits. It also empowers the individual banks to issue credit notes. We have repeatedly said—and it cannot be said too often—that any policy which would compel a bank to rediscount *purely for the sake of changing its liquid credit into currency* is both wrong and extremely costly. In all such cases the obvious thing to be done is for a bank itself to make the conversion, not to send its liquid bills to a central bank for rediscount. It is, of course, not contended that rediscounting is not often a valuable resource to a bank whose good securities are not immediately realizable or that may be suffering a temporary shortage of reserves. But this is quite another thing from depending upon rediscounting as a means of supplying what should be no more than an ordinary demand for conversion of one kind of credit into another—a change, for example, from bank checks into bank notes.

But even for rediscounting in case of need, there are grave doubts whether a special institution of any kind—much less a central bank—is needed. Equip the reserve banks in the manner indicated in the October number of this *MAGAZINE*, and they would doubtless be able to care properly for all rediscount applications.

In discussing rediscounting, it should not be lost sight of that this is a form of borrowing not looked on with favor by our banks, just as "overdrafts" are frowned on, though common enough in other countries. Perhaps this could be obviated by having rediscounts reported in some other way.

While it would be unfortunate if the defects in the Reserve Association plan should indefinitely postpone the correction of the admitted faults in our banking and currency system, on the other hand, it would be no less unfortunate if the earnest desire for reform of some sort should lead to the adoption of an unwise and unsound measure fastened upon the country for a period of fifty years.

There are a number of good features in the Reserve Association plan, as there are some bad ones. It is hoped that after careful discussion the sound principles may be adopted and the bad ones rejected in any plan that may be finally accepted by Congress.

GREATER SAFETY AND UNIFORMITY FOR BANK CHECKS AND DRAFTS

FROM time to time suggestions appear in favor of securing some degree of uniformity in the sizes and styles of bank checks, drafts and other forms of stationery used by banks. In the September number of "The Bankers Magazine" of London a correspondent complains of the time lost and the general inconvenience and annoyance caused by the great diversity in the sizes and styles of bank checks. Some checks are printed on a very small size of paper while others are very large. Still other checks have receipts printed on their face, and the tellers at the banks are required to see that these are duly signed before payment is made.

The variety in the size and style of checks seen in this country takes a wide range. Not only are there checks big and little, but the pictorial designs range from the portraits of a fond parent's twins to the animals comprising the menagerie of a showman. Not a few bankers think their own likenesses look well on the drafts they issue.

But the difficulty does not end with pleasing idiosyncrasies of the sort mentioned. Simple as is the body of a check, we have seen the printed matter so worded as to cause great inconvenience to the drawer.

To attain to anything like uniformity in the size and style of checks and drafts would require concerted action on the part of bankers. It could be done only through their associations. While banks would no doubt resent any attempt to dictate to them in a matter of this kind, they would generally be glad to follow any action that might be recommended by the bankers' associations.

Probably a movement in favor of having greater uniformity in the sizes and styles of checks might not only result in saving much time and annoyance to the banks but it might ultimately lead to what is more important, namely, the throwing of stricter safeguards in general around the printing and delivery of bank drafts and checks. Many banks do not at present even take the trouble of having their checks printed on anything but ordinary paper, and their drafts are not engraved but printed in a manner easy of reproduction. Besides, anybody who is so disposed can go to a printing establishment and get a supply of checks and drafts printed without much trouble. And it is notorious that either from the printer (and in many cases from the bank's own counter) the person of evil disposition finds it easy to get a

supply of checks and drafts to be used in forgery or check raising operations.

If only a portion of the care that is thrown around the printing and delivery of bank notes were extended to bank drafts and checks, the losses from forgery and check-raising would be reduced to a minimum.

In the days of the State bank notes there were heavy losses on account of over-issues and forged notes until the printing of the notes was placed in the hands of some central authority. When this was done these losses were greatly reduced.

More careful regulation of the printing of checks and drafts could insure the following:

- (1) Uniformity of size.
- (2) Substantial identity of wording.
- (3) The advantage of whatever safeguards may be found in using a special paper.
- (4) Better appearance of instruments and the protection afforded by careful printing or engraving.
- (5) Delivery of checks and drafts only to those duly authorized to receive them.

This last provision is the most important, for it would of itself go far to prevent these instruments from falling into the hands of those who mean to use them fraudulently.

It is not claimed that even these precautions would stop forgery or check-raising, for a forger can employ photography in reproducing checks received legitimately, or he can go into printing and engraving on his own account. But this implies capital, time and additional risk of discovery.

Were these suggestions adopted much time and inconvenience would be saved in handling checks and drafts, these instruments would be given an appearance more nearly representing the dignity of an obligation so closely ap-

proximating to real currency, and many serious losses through forged and raised checks would be prevented.

The matter would seem to be worthy of discussion by the bankers' associations of the country.

LAND BANK CURRENCY

NO surprise need be felt that the demand for better means of agricultural credit—a demand that is wholly justified and worthy the careful attention being given it by bankers, expert financiers and statesmen—should be accompanied in some quarters by a demand for land bank currency. It is pointed out that land forms the most tangible known basis of security, something whose title cannot be changed or an encumbrance placed upon it without being made a matter of public record, that cannot be stolen or spirited away as other forms of security can, and finally that the products of the land, in one form or another, are almost the sole basis of all wealth. Why should not so stable a form of security offer the most suitable basis for the issue of a bank currency?

No one questions the desirability of real estate mortgages as a more or less permanent form of investment, but the reason such mortgages are not a proper form of collateral for bank notes is that their period of maturity is generally at a distant date, and that if not paid at maturity the holder acquires land and not cash. Currency, being used in effecting exchanges, must consist either of gold itself or its representative—something that can at least be converted into money. This explains why bills of exchange, genuine commercial paper, not payable in goods but in some form of what constitutes the active tools of exchange, are a suitable basis, under proper safeguards,

for a bank-note currency, and it also explains why real estate mortgages which are not so convertible are therefore not a proper basis for currency.

Few financial fallacies have been more popular and few have given rise to greater distress than this one, that real estate mortgages constitute a proper basis for a country's currency.

It is, however, only a trifle more unsound than our present practice of basing bonds upon the public debt, and in the act of May 30, 1908, commonly known as the Aldrich-Vreeland Act, this unsound principle was not only perpetuated but extended by making municipal and railroad bonds available as a basis for emergency currency.

Aside from the general economic unsoundness of a bond-secured currency of any kind, the fact should never be lost sight of that the basis of currency should always be a security readily salable, that is drawn to mature at short intervals, and that is effectually a title to cash or its equivalent.

With the world's experience to guide us, it is hardly possible that the legitimate demand for better means of agricultural credit should be perverted into a movement for land-bank currency.

BANK ADVERTISING

PRACTICAL suggestions of real value were given on this subject by FRED W. ELLSWORTH of the Guaranty Trust Company, New York, in an address delivered before the recent annual convention of State Secretaries Section of the American Bankers Association at Detroit. The subject of Mr. ELLSWORTH's address was "The Bank and the Newspaper." In the course of his interesting and helpful talk, he said:

"Here is a good bank, we will say. It has an adequate capital and ample sur-

plus and a large deposit line. Its building is commodious and well lighted, the officers and clerks are genial and obliging and know their business. The bank's facilities for serving its customers are equal to the best. Now supposing this bank does not believe in advertising, how under the sun are all of the people in the community ever going to learn about those favorable features? It is true that many of them will become acquainted with the institution through contact with its customers, but even that very excellent mode of securing new business is limited. Is there any good reason why that bank should not call on the newspaper in the town to help spread the gospel?"

This was followed with some illustrations of how banks actually handle their advertising. All this recalls another example of what happens to a bank that fails to avail itself of the advantages of advertising while all round it are banks intelligently and effectively using publicity.

In a certain city there was a bank famed for its strength; the board of directors were of the ultra-conservative type (the irreverent would doubtless have called them mossbacks); they did not approve of paying interest on bank deposits; they would not countenance advertising. What has been the result of this policy? Why, simply this, that the reputation this bank had for strength has virtually counted for nothing, and it has, compared with other advertising and progressive banks, practically stood still. Had it adopted their policy, it would to-day have been one of the very great banks of the country. In the same place where this bank was located was another, also of excellent reputation, which for many years would pay no interest on deposits, nor did it advertise. But a change in both these respects has taken place and the result is already apparent.

Now, does any one suppose that the banks which pay interest have sacrificed their safety in order to do so? No; they have found ways in which very largely to counterbalance this outgo. No doubt all banks would like to be relieved of this burden, and many banks believe that the payment of interest violates a sound banking tradition. But there is a difference of opinion about this, and so long as banks whose soundness and careful management cannot be assailed do pay interest the other banks, however conservative their inclinations, must do the same or fall behind.

The value of bank advertising may be discussed from various standpoints; but one fact cannot be disputed—the live American banks are advertising now to an extent and with an effect never approached by financial institutions here or elsewhere. In the face of this, the non-advertising bank is sure to be outdistanced. A reputation however great will not save from decay a bank that refuses to make a judicious use of publicity.

FARM MORTGAGES IN THE UNITED STATES

DISCUSSION of better means of extending agricultural credit lends interest to some statistics compiled by the Census Bureau, showing the farm mortgage indebtedness of the United States.

The total number of farms in the United States operated by their owners, which were mortgaged in 1910 is 1,327,439; while 2,621,283 were reported as free from mortgage. These figures show an increase since 1900 of 17.7 per cent. in the number of farms mortgaged, and of 4.4 per cent. in the number of farms free from mortgage. The report shows that 58,104 farms were operated by managers—a decrease

of 1.7 per cent. since 1900, and 2,354,676 farms were operated by tenants, an increase of 16.3 per cent. since 1900. No statistics pertaining to mortgage indebtedness were secured for farms operated by tenants or hired managers. It would be practically impossible in many cases to reach the owners of such farms to ascertain the facts.

The total value of the land and buildings of the 1,006,511 farms for which both the fact of mortgage indebtedness and its amounts were reported was \$6,330,000,000, and the amount of debt was \$1,726,000,000, or 27.3 per cent. of the value. The corresponding proportion in 1890, as shown in the reports, was 35.5 per cent. There was thus, during the twenty years, a marked diminution in the relative importance of mortgage debt on the farms mortgaged, due primarily to the very rapid increase in the value of the land in farms. The average amount of mortgage indebtedness per farm increased from \$1,224 in 1890 to \$1,715 in 1910, but the average value per farm increased from \$3,444 to \$6,289 and, therefore, the owner's equity per farm increased from \$2,220 to \$4,574 or more than double.

In the United States as a whole the number of farms or farm homes operated or occupied by their owners which were free from mortgage increased much less rapidly during each of the last two census decades than the number mortgaged. The proportion mortgaged was 28.2 per cent. in 1890, 31.1 per cent. in 1900, and 33.6 per cent. in 1910.

The report says that in making comparisons between geographic divisions and between censuses it should be borne in mind that the fact of mortgage indebtedness is not necessarily an indication of lack of prosperity. There can be no question that American farmers generally were more prosperous in 1910

than at the two previous censuses, and yet in that year a larger proportion of the farms were mortgaged. The proportion of mortgage indebtedness is higher in Iowa and Wisconsin than in any of the other States and yet these States are among the most prosperous in agriculture. Although in some cases mortgages are placed on farms because of poor crops or other misfortunes or because of mismanagement, they often represent an unpaid portion of the cost of the farm itself, or money expended for additional land, or for buildings and implements and machinery and live stock.

MAKING THINGS RIGHT BY LAW

EXPLANATION of the comparative indifference of the people during the Presidential campaign is found in the growing suspicion that, after all, there are a few things that cannot be remedied by legislative enactments. This view is taken in a recent weekly financial letter of the American National Bank of San Francisco, which says:

"The belief is fairly well grounded that, whether TAFT or ROOSEVELT or WILSON is elected, there will be no immediate and radical changes, and the country will not in any event be plunged into irretrievable ruin. It is generally recognized that the high cost of living, which is now one of the principal causes of complaint, is not caused mainly, or even largely by the tariff and the trusts, but rather is the result of many factors, chiefly economic, and legislation can do comparatively little in the way of remedy. One stumbling block to real progress in America has been the widespread idea that every evil, of whatever nature, can be cured by passing a law about it."

The value of statutes as a corrective of the unruly and as a standard by

which economic and humanitarian progress may be gauged is no doubt very great. But there has been in recent years too much of a tendency to lean on legislation as a substitute for individual energy in acquiring wealth and in redressing unsatisfactory conditions. We hope the tendency is now in the other direction, as the above quotation implies.

Many of the world's great reforms have in fact been antecedent to the passage of laws seemingly designed to compel such reforms. Statutes are somewhat like inscriptions on coins and monuments, recording a nation's history. They merely set down in formal shape what already has become the fixed custom of a large group.

In the recent campaign the high tide of interest seems to have been reached after the three great conventions had been held, and from that time there has been a decline. Probably this loss of interest was due, in a measure at least, to some of the extravagant promises made during the campaign. These were of a millennial character and thus subject to a heavy discount.

CURRENCY PLAN FOR STATE AND NATIONAL BANKS

MANY excellent plans for reforming our currency system have been offered, but most of these propose to confine the currency-issuing privilege to the national banks, the same as at present. In "Money, Credit Currency and a Currency Plan," by WILLIAM GOODWIN of Providence, R. I., the suggestion is made that all incorporated commercial banks be permitted to issue their credit notes, secured by a gold currency reserve of fifteen per cent. of the outstanding circulation of each bank, and a gold guarantee fund of one or two per cent. to provide for the immediate redemption of notes of

failed banks. The currency is to be further secured by an interest-bearing obligation given by the bank taking out circulation, this obligation to be protected by collateral composed of short-time true commercial paper exceeding by not less than ten per cent. the obligation itself.

To facilitate the issuance of this currency the banks in each commercial centre are to be incorporated into some form of organization, and these organizations are in turn to be united into a central association, the function of the latter being chiefly the intelligent handling of the reserves of the various currency centres. Provision is also made for an emergency issue.

The proposed circulation would be essentially a credit currency, although not issued solely upon the general credit of the bank, since specific security would be lodged against it. The notes are to be currently redeemed in gold, and a bank may retire any notes issued to it by simply paying off its secured currency obligation (already referred to) in the notes themselves. This is simply a payment of the obligation in kind, with interest in gold, and on the completion of the transaction the deposited collateral would be restored to the bank.

The proposed currency centres, and the association formed from them, are not to have capital, thus sharply differing from the National Reserve Association plan, and in our opinion being an improvement in this respect.

It will be seen that the notes are to be obtained from the central organization only after an interest-bearing obligation has been deposited. Who will pay this interest? The bank? Yes, in the first instance, but the bank will pass this interest charge along to its borrowers. In other words, the amount of interest paid on the obli-

gation deposited to secure this currency will be a tax on the business of the country. Is this tax necessary? We think not. Let us see.

A bank having good commercial paper ten per cent. in excess of the currency issued, and a gold reserve of say seventeen per cent, why should it not issue the currency itself and save the tax? Over-issues can be prevented by simple legal safeguards, and the safety fund which Mr. GOODWIN's plan provides would amply take care of the notes of failed banks.

It is very difficult to realize that there is just as much safety in allowing a bank to issue notes as there is in allowing it to do a discount and deposit business; that with a proper redemption system, supplemented by a moderate safety fund, there is no reason whatever why a bank may not issue notes substantially as it does checks—that is, permitting its dealers to have circulating credit in the form they desire.

And we wish again to say that there is no sound reason why a bank in good credit and with a proper reserve should now be allowed to issue its own notes, without depositing an interest-bearing obligation, or even without lodging anywhere special security of any kind (except a modest amount to afford a safety fund), and that interest paid on an obligation of this kind, or interest paid on currency obtained through rediscount of paper with a central organization as provided in the Reserve Association plan, is a tax on commerce and wholly unnecessary.

Mr. GOODWIN's study of our currency is an exceedingly valuable one. He has correctly diagnosed the ills from which we are suffering, and the remedies he has offered are in the main excellent. Of course, his proposal of an interest-bearing collateral obligation to secure the new currency is a

suggestion calculated to insure greater safety, but in our judgment it is an unnecessary precaution and would prove an expensive one, and the expense would not, in the final analysis, fall on the banks but on the business community.

UNIFYING CHECKS

AT the recent International Congress of Chambers of Commerce, held in Boston, there was a discussion of the matter of securing uniform regulations with regard to checks. One of the novel suggestions made was that on each check drawn there should appear a statement showing the amount of funds to the credit of the drawer. This suggestion did not meet the approval of Mr. F. FAITHFUL BEGG of London, who said, in opposing the suggestion:

"This I assert to be an impossible requirement. I know from my own business in London, that not until the close of the business day do I or any of my partners have the faintest idea of the funds standing to the firm's credit at the bank. If there is a deficit in the evening, we borrow money to cover it. If, as occasionally occurs, there is a balance, we go home to dinner happy."

Aside from the difficulties of keeping track of one's shifting balance from hour to hour—difficulties which are multiplied in cases where drafts are being drawn by more than one person and in more than one place, and where collection may at any time swell an account without the immediate knowledge of the person for whose account the remittance is made—we should think most business men would seriously object to advertising their bank balances in this way and

possibly giving information which might prove hurtful.

The proposal in regard to unifying checks did not get much further than the passing of a resolution to appoint a committee to look into the matter.

OPPOSES A CENTRAL BANK

OPPPOSITION to a central bank is strongly expressed in a recent pamphlet issued by HENRY W. YATES, the veteran president of the Nebraska National Bank of Omaha, and a former president of the Nebraska Bankers' Association. Regarding the attempt to make it appear that the National Reserve Association is not in reality a central bank, Mr. YATES says:

"It is constantly denied that the central institution created by the Aldrich Plan is a bank. It is claimed to be merely an association of banks for a mutual purpose and interest.

"Any close investigation will show that it is not only a bank with all the needed power to do business as such, but that under these propositions it is clothed with greater power and authority over other banks than has ever before been given any bank in this country and so far as I know of in the world.

"The fact of its separate capitalization deprives it of all semblance to a mutual association. It is true that every bank possessing the required capital may become a stockholder but to do this it must put up money. This demands an increase of capital in many cases, or else the bank must do business with its active capital impaired."

As a substitute for this plan (which he admits contains many good features) Mr. YATES proposes a purely mutual association of the banks in cer-

tain districts, the banks grouping themselves into organizations of not less than ten banks having an aggregate unimpaired capital of not less than \$5,000,000. Circulation to be issued by the Comptroller of the Currency to the extent of eighty per cent. of good commercial paper deposited by any bank with the association as special security for circulation, the circulation to be subject to a tax of five per cent.

PRIMARY EDUCATION IN BANKING REFORM

ANNOUNCEMENT is made that the National Association of Credit Men will at once undertake a campaign of primary education on currency and banking reform, special attention being paid to the awakening of interest among business men in this subject.

It is probable that a campaign of this sort, unselfishly undertaken, and that would not advocate any particular scheme of reform, but would be confined to an elucidation of the principles to be embodied in a thorough reform of our banking and currency system would be of great service in securing action by Congress.

The average Congressman is not greatly impressed by essays thrust upon him by bankers and political economists proposing plans of their own for reforming the country's banking and currency system, but he is apt

to "get busy" if the farmers, the wage earners and the business men of his district begin to demand with a great deal of persistency that the currency and banking laws of the United States be made to conform to those principles which the experience of mankind has shown to be the only assurance of safety.

Were the great body of American voters thoroughly instructed in regard to the broad principles that should be recognized in our banking legislation, we should not have to wait another twenty-five years for the enactment of laws which have been recognized by financial students as being necessary to our continued economic prosperity.

The National Association of Credit Men in engaging in the work of currency and banking education should avoid the pit into which the National Citizens League appears to have fallen. Pretending to be independent, this organization seems in reality to have been merely an auxiliary of the National Reserve Association propaganda. Of course, it is perfectly legitimate for the League to advocate this plan or any other that seems best calculated to carry out its objects, but the attempt to create a belief in its impartiality under such circumstances was unwise.

It is a hopeful sign that an organization like the National Credit Men's Association has taken up this important work, for the reform of our banking and currency system is fundamentally not a bankers' question but a business man's question.

FARMERS' EDUCATIONAL WORK IN MISSOURI

FARMERS' institutes will be held throughout Missouri this fall and winter by the State Board of Agriculture until March 15. In the past institutes have been held at any towns that suited the convenience of the speakers, but this year a new plan will be tried.

The State has been divided into six dis-

tricts and each district will be given four weeks' time. This will be divided into two periods of two weeks each, so as to suit the convenience of the people of each district. It is expected that the institutes this year will furnish instruction on agricultural subjects to 100,000 farmers.

WHAT BANKERS ARE SAYING

Well-matured views of bankers and other financial men are tersely expressed in the sub-joined extracts, taken from addresses at bankers' conventions and from other sources.

EDUCATING THE BANKER AND KEEPING A WATCH ON HIM.

By J. N. Dolley, Bank Commissioner of Kansas.

WHEN a charter is granted for a new bank, we notify the president and cashier that they will be expected to come to the Banking Department before the bank starts, and spend two or three days in taking an examination. We have a self-constituted examining board, composed of myself and my first and second assistants. We give them a written examination on the Kansas banking statutes, the corporation laws as they pertain to banking, the Negotiable Instruments Law and general banking and business practice. We do not limit this requirement to new banks, but it applies to all new cashiers or managing officers of Kansas State banks. Persons taking these examinations must make at least seventy points to pass. If they fall below this, they are given thirty days to study up and we then give them another examination. If they fail this time, they are rejected for one year. If they pass the examination they are given a certificate or diploma setting forth the fact that they have successfully passed the examination.

In this department order, which we have issued to all Kansas State banks, we also required that a new cashier or managing officer must have had at least two years' actual experience in banking in Kansas, or four years outside of Kansas, before he will be accepted at all. I believe that this is good banking.

The history of banking shows that much of the trouble in banks is caused by incompetency, lack of education and experience in banking, without any preparation by the would-be banker to

fill the responsible position of managing officer of a bank. Many men are allowed to go into the banking business who have no talents, experience or education for this great, important work, and disastrous results too often follow, and it is often found upon investigation that their previous business career is badly tainted with dishonesty and an entire absence of moral character, so necessary in banking. The Kansas Banking Department is very anxious to elevate Kansas banking to the highest state of perfection and efficiency, and has decided that no steps can be taken to accomplish those ends with more certainty than our present position as to the preparation and education of the men for the Kansas banking service.

We issued this order some ninety days ago and we can already see its good effects. The principle is absolutely right. The lawyer, the doctor and all other professional men are required by law to pass certain examinations, and why should not the managing officers of banks? They are public servants and are engaged in one of the greatest professions of them all, and you will all agree with me that there is nothing that will hurt a community, State or Nation more than a mismanaged or failed bank.

We have also established a secret service department in connection with the banking department, which is one of the most valuable assets we have. We secured a special appropriation from our legislature for this purpose. Very often there is a question raised as to whether a certain cashier or managing officer of a state bank has not started on the downhill road, gambling, drinking in excess or practicing some of the other vices which will sooner or later lead to his downfall.

In these cases we immediately put one of our detectives in the field, and he shadows him for a few days, and in a large number of cases we have been able to either put a stop to it, or remove him before it has gone far enough to hurt the bank.

A SMALL COTERIE OF DISTINGUISHED BANKERS.

*By Hon. Leslie M. Shaw, Former
Secretary of the Treasury; President
First Mortgage Guar-
antee and Trust Co.,
Philadelphia.*

THE proposed modification of our financial system by what is known as the Aldrich plan, contemplates a large central institution to which commercial paper can be endorsed without being reported as rediscounts.

I am most strenuously opposed to the plan for many reasons. First, I do not believe it will work as its friends claim, and if it does work as they claim, it will compel, in my judgment, the country banks to make stock exchange loans or to invest their money in bonds.

Let me illustrate: Prominent among the arguments of the friends of the proposed change is the contention that this large central concern will become a great reservoir into which there shall flow the great bulk of our good commercial paper at a rate of interest which will be attractive to local banks. If this be true the local banks will naturally be compelled to invest their funds in something other than commercial paper, and I know of nothing other than commercial paper except stock exchange loans or bonds. If the banks become bond buyers, I know of a source ever ready to supply them, being careful to take a goodly share of promoters' profits.

The bill adroitly provides that this central institution cannot loan on

stock exchange collateral. It is proposed, however, that it shall take from the local banks such paper as the local banks now handle. This will naturally drive the local banks to stock exchange collateral or bonds.

My principal objection to the proposition, however, is that it will fasten upon the country the domination of large financial interests during the life of the charter—fifty years. I have never seen a successful organization, industrial, commercial or financial, that was not dominated by a very limited number of strong minds. If the new institution succeeds it will be because it is dominated by a few master minds, and if not so dominated it will be the biggest failure the world has ever seen.

I assume that it will be so dominated and being so dominated the credit of every merchant and every corporation will be dependent upon the friendship and support of a very small coterie of very distinguished bankers.

MORTGAGE LOANS IN EUROPE.

By Chas. A. Conant, Author of "The Principles of Money and Banking."

EUROPE has solved the problem of the ready transferability of mortgage loans and low rates of interest to the borrower by taking a leaf from the experience of the limited liability company in the issue of bonds and shares. In Europe, the man who has money to lend upon mortgage is no longer obliged to make personal examination of the property, nor to risk his capital upon a single investment in a non-transferable form. He has only to buy a negotiable bond—coupon or registered, according to his preference—which he can sell as readily as the bond of the government and with even less risk of fluctuation in its price. He has behind the bond not merely the land, the source of all wealth, but he has the pledge of a stock company that they have examined the properties upon

which loans have been made, that all such properties are held in the aggregate as assets against the outstanding bonds, and that the company has in addition an adequate capital to cover any unexpected shrinkage in the value of the property behind its bonds.

EUROPEAN LAND AND RURAL CREDIT FACILITIES.

By Edwin Chamberlain, Vice-President San Antonio Loan and Trust Co., San Antonio, Texas.

THE movement to finance the farm and improve the rural credit system of the United States owes its inception to Hon. Myron T. Herrick, now Ambassador to France, who championed the idea by speech and pamphlet some three or four years ago. This interest originating from his experience as president of one of the largest institutions of that nature with over sixty millions of deposits, "The Society for Savings," Cleveland, Ohio, a mutual organization without stock.

It has spread over the country, and capable and enthusiastic advocates in almost every State are devising ways and means to supply the American farmer with money on easy terms of repayment, equitable interest, and give mobility and fluidity to real estate mortgages. No financial question of recent time involving the common welfare has of a sudden enlisted such strong and disinterested support as that which is now backing this movement. The National Council of Commerce at Washington has indicated a decided interest in it. The International Institute of Agriculture at Rome with representatives from over fifty countries, the United States now being represented by Hon. David Lubin of California, is devoting much of its efforts to issuing valuable literature regarding it. Hon. J. B. McKinley, of Illinois, has introduced a bill in the House of Representatives

for Federal appropriations for one of its objects. Hon. A. J. Gronna, of North Dakota, has introduced another bill in the Senate for the appointment of a commission of three experts to make an investigation of European methods. I understand that this bill was passed in the Senate by an unanimous vote.

The Southern Commercial Congress is urging the legislatures of each State to provide for the expense of two delegates to a general committee for the same purpose. The leading political parties have endorsed the movement.

President Taft is mapping out a definite campaign for government action with the assistance of Ambassador Herrick; and I bring to you today the direct assurance from the Ambassador that wherever the United States or any duly authorized and accredited body is prepared to study the rural and land credit systems and institutions, which have proved so effective in the most enlightened nations of Europe, their officials will see to it that every courtesy and kindly aid shall be granted to facilitate the research.

Such is the marvelous headway gained by this movement as a result of the appointment of the standing Committee on Agricultural and Financial Education and Development by the American Bankers' Association at New Orleans last year upon the motion of Ambassador Herrick and his earnest efforts.

Although the movement is now advancing by leaps and bounds it cannot reach its consummation any too soon. The United States with all its natural resources and the superior intelligence of its people is backward and retrogressive in agricultural affairs. Farms by the thousands have been abandoned in the older States. Vast areas of arable lands lie untouched by the plough in the South and West. Irrigation, drainage and reclamation projects that could supply sustenance to millions are undeveloped. Reck-

less methods of cultivation have robbed the soil of its creative values. The price of foodstuffs has been so enhanced that complaints are heard on all sides of the unbearable cost of living.

The time has arrived for action. It is altogether fit and proper for bankers, like ourselves, to consider if the financial system is in any way at fault, and responsible for the situation, and if such be the case, devise some means to remedy the troubles that have arisen.

In the United States there is no company, national in its scope, that makes a specialty of farm mortgages; nor is there any credit arrangement especially adapted and devoted to the American farmer. The landowner or the farmer, if he wishes to borrow, is confined to the restricted money market of his immediate vicinity. The latter is receiving through the Agricultural Department of the Federal and State Government the fullest information regarding the best methods to follow to cultivate his farms, but one of the most important needs, that of capital, is greatly lacking.

BANKS FAITHFULLY DISCHARGING THEIR TRUSTS

By George M. Reynolds, Former President American Bankers' Association; President Continental and Commercial National Bank, Chicago.

EVERY great crisis wherein business has been seriously affected and which has had a tendency to accentuate any weakness in our system of business has brought out some object lesson for future guidance.

The lesson of the panic of 1907 was that of the value of coöperation.

The abuses incident to the unparalleled prosperity in this country for five years prior to that period caused an over-expansion in the use of credit.

culminating in the latter part of October of that year in a money panic, which for a time paralyzed our commerce and threatened the destruction of our institutions; public confidence was disturbed and, the solvency of the banks being doubted, depositors were anxious to withdraw their balances for the purpose of hoarding money.

The amount of lawful money carried by the banks, while sufficient to meet all requirements under normal conditions, now that a state of chaos existed, was found to be inadequate to meet the demands made upon them, and since our Banking and Currency law contained no provision by which the banks could protect their outstanding credits, to say nothing of protecting the credits of their customers, the banks located in the principal cities throughout the country, as the only means of self-defense left to them, simultaneously went upon a clearing-house certificate basis.

While this action seemed to some to be very drastic, it, in fact, proved to be the safeguard of the situation, since through it banks were enabled to both meet the urgent requests for credit made upon them and renew credits already extended to concerns, many of which might otherwise have been forced into bankruptcy. At the same time, self-preservation, admittedly the first law of nature, forced the banks in the large reserve cities to stifle the spirit of competition existing between them and work in harmony for the common good—self-preservation compelling them to apply the spirit of coöperation to their business in a practical way by utilizing, as far as was practicable, their combined skill and strength to defend the integrity of any bank or concern known to be solvent which required assistance.

Regardless of this commendable spirit and the aid rendered, much criticism has been heaped upon bankers by certain classes. These critics are dissatisfied because we do not in times of crises furnish to the public

credit and money in amounts sufficient to meet their needs, and, on the other hand, in normal times, they criticise us because, as they say, the control of money and credit is not sufficiently diversified.

I am surprised that any student of the subject should pretend to believe that the banks in times of stress will fully withhold from the public the use of such credit and money as it is possible for them under existing conditions and in accordance with the law to supply. Self-interest alone would not permit of their doing this, for no profit can accrue to a bank where an excess of reserve accumulates. Furthermore, the law of competition would not permit it, for in these days when it is the universal practice for banks to extend credit in proportion to the balance which a customer carries with the bank subject to his check, the banker knows full well that if he fails to meet the legitimate requirements of such customer it will result in the loss of that account, which, under the law of competition, will go to his neighbor, who

will extend credit against such balances. Therefore, self-interest prompts the banker to do his utmost to serve the public under these conditions.

In thirty-two years of experience in banking, I have yet to learn of the first instance where bankers carrying the reserves of a community have willingly, and for the purpose of punishing individuals or industries in that community, declined to extend credit against their reserves when there has been a disturbed public confidence and an unusually large demand for both money and credit; and, so far as I know, the only bankers who have failed in emergencies of this kind have been those who have themselves been filled with fear and who have been so panic-stricken that they have placed their own safety above the public welfare. I am glad to say, however, that such bankers are so few as compared to the whole number that I do not believe there is just ground for the belief that the bankers of this country have failed to discharge this trust faithfully and well.

BANK SERVICE PENSIONS

By E. H. Ensell

BANK service pensions, the result of natural growth, are the effect of complicated industrial conditions whereby important banking institutions are attempting to deal more justly with the growing number of employees, some of whom regularly become incapacitated through old age. The necessity of making proper provision for an employee who has given long and faithful service is a question which is, at present, being widely considered by the large, progressive bank, although heretofore a number of smaller banks have operated carefully devised systems for a long period.

There are different theories and methods of handling funds for pensioning invalided bank clerks, as shown

by the dissimilar arrangements made by various banks located in different sections of the country. The wide margin of difference extends from a simple pension fixed in amount and furnished gratuitously as a reward for continuity of service, to one designed on a graduated scale and derived from a tax on the employee's salary, ranging from one to three per cent.

VARIOUS FORMS OF INDUSTRIAL PENSIONS.

With reference to industrial concerns, profit-sharing by employees of large corporations is a common practice, accomplished in a number of ways, while stock ownership appears as the predominating method at the present time. Em-

ployees of large industrial corporations are permitted to participate in the ownership of capital stock, by purchasing a limited number of common or preferred shares at a figure somewhat under the regular market price, with a year or more allowed in which to pay for the stock, and usually have yearly extra or special dividends of \$5 upward a share guaranteed as an inducement not to part with the shares before a specified number of years have elapsed. It appears as enlightened selfishness on the part of a corporation to continually urge its employees to become definitely and permanently identified with the corporation through the interlocking of mutual interests which creates valuable assets by way of a community of interests. With regard to banks it is a well established custom in many to distribute gratuities to their employees from time to time. These gratuities are in the form of bonuses, either an arbitrary amount, or else an amount in proportional ratio to the net earnings for a given period. As profit sharing through stock ownership by employees of corporations and also earning participation in bonus form by bank employees have proven unsatisfactory and uncertain as to their effect, they are gradually resolving into the more satisfactory and substantial type of service pension.

The problem of adequately providing against that stage where declining energies caused by old age incapacitate the individual has been perplexing the highly civilized governments for a long period and a far-reaching experience eventually culminated in the service pension as the solution. The German Government, achieving great advancement in solving its social problems, has under government supervision a compulsory form of old-age pension with respect to its working classes, supported by contribution of the employer, the employee and the government itself; the government realizing the inevitableness of increasing burdens through invalid age left unprovided for.

Lack of education, want of fore-

thought and ignorance of the value of pensions or old age annuities, together with living costs which exhaust incomes, account for the under-development of this commendable form of insurance; notwithstanding the productive period of an individual is confined to youth and maturity, which necessarily leaves age unprotected, unless sufficiently safeguarded by discounting its effects during periods of production.

The advancement here toward economy in pensions is founded on similar systems originating in Europe, which were the result of slow growth, eventually reflecting the composite opinion of different classes and conditions. The purpose of a State pension is to supply inexpensive insurance, aimed toward reducing the number who might otherwise become a charge on State institutions or objects of charity. The German Government acknowledges its part of the burden, based on the theory of justly providing for those who have given long and faithful service.

Recent industrial developments, more especially in the banking business, indicate increased active attention to the establishment of service pensions, due to the expansion of clerical machinery through consolidations and mergers. Following the example of the large corporations who are stimulating their employees to an extra effort, many of the more important banks from Boston to San Francisco, and particularly those in the Middle West where modern methods are receiving most attention, have either already adopted, or have under consideration, some definite plan of service pension. Within the past year this practical step in advancement has been taken by at least half a dozen of the largest banking institutions in the country.

A SERVICE PENSION—ITS DEFINITION AND OBJECTS.

A pension is an annuity or a periodical payment of a sum of money to an individual for some meritorious service and implies the idea of disability. In the case of a service pension it is a

form of deferred compensation; that is, the current service is expressed in terms of a current salary, but a long uninterrupted current service is expressed in terms of a deferred salary called a service pension. The reason corporations were prompted to adopt the service pension was a strong desire for a continuity of service, an attempt to offset the effect of associations and combinations of employees, to preserve the industrial and clerical machinery, to find a just way of dispensing with the service of an employee incapacitated for further service, to replace a worn cog by a new and more vigorous one with the least possible friction, and to promote coöperative relations in general; and the effect produced on employees following the announcement of such funds is a greater contentment, a feeling of security regarding the future, a reduction of that restless spirit, a more loyal and faithful service, an increased satisfaction and resignation to existing conditions.

A reciprocal advantage accrues both to the bank and the employee for this reason—that the corporation's return on the service pension investment is an increased economic percentage of efficiency through the added value of accumulated experience, gained by an employee long identified and grown familiar with intricate business needs and minute details, while the employee's return is the assurance that payment of a deferred annuity, as a protection against old age, will be guaranteed by the bank.

PENSIONS AKIN TO INSURANCE.

Pensions necessarily involve some of the principles of insurance, and insurance is devised to distribute the extraordinary burdens of the individual throughout society. By its means the extra hazard is cared for by associating the particular risk with others who have like risks of the same class and are willing to assume a small portion of all risks rather than suffer consequences alone. Through insurance it is possible to change a large possible

future loss into an insignificant present cost to guard against unexpected exigencies. The uncertainty and inequality of the future may be equalized through insurance by discounting results of adverse circumstances in pooling common risks, all sharing a percentage of total loss. Heretofore all forms of insurance were confined to commercial concerns, conducted purely for profit. These concerns were stock companies, private companies and mutual companies. Recently different State departments at home and abroad have put into operation sickness insurance and old age pension insurance, in order to supply citizens with essential insurance at actual cost, in some cases the government assuming part or all of the operating expense. The last development is the service pension insurance, established by large industrial corporations in favor of their employees, furnishing annuities without cost as a reward for the protracted service.

COST OF A PENSION FUND.

The cost of creating a pension fund depends on the size of the bank, the number of employees and whether the fund is to be started with a lump sum set aside or is to be sustained by periodical assessments and contributions. Some large banking concerns have started such funds by an initial deposit of from \$100,000 to \$500,000; and where a corporation engages a vast number of employees the method frequently adopted is to deposit in a sinking fund a fixed percentage of net earnings at each dividend period. The extent and growth of the fund also depend on the scope and character of the investments. A bank primarily engaged in investment business is therefore in the best position to support such funds at a reduced ratio of expense.

Where they have been adopted pension funds are regarded as part of the regular expense of conducting the business like any other fixed charge. The extra burden of cost is ultimately as-

sumed by the public through a very slight increase of expense for banking accommodations. The increased expense is so small as to be almost nothing and is considered to be properly chargeable to industry. The computation of the amount that would be adequate to carry a pension fund, if it is to be solvent, whether it be a lump sum deposit, or a percentage of earnings, is complex and difficult, requiring the services of competent actuaries to determine. For example, one large corporation employing 800 men reserved an amount of \$200,000, which was estimated by actuaries as sufficient to continue the fund for forty years, and a large railroad system like the New York Central carries forward its pension fund through its treasury department by an annual appropriation of \$500,000. Insolvent funds from an actuary's standpoint are due to over liability; therefore, it is a question whether bank funds should be actuarially solvent and independent of the corporate business or whether they should exist through an assessment or tax on the business as a going concern. Naturally the actuaries of insurance companies doing a competitive business offer unfavorable criticism regarding all pension funds not entirely solvent from their standpoint, although the assessment tax plan appears to work well with respect to workingmen's insurance in Germany.

In the absence of definite arrangements many banks already care for old employees without definitely assuming specific obligations, but the growing tendency is toward a recognized fixed policy, because banking institutions, through their power to renew corporate existence, have long lives and the continuity of corporate existence requires a continuity of clerical machinery as a support, and the service pension encourages this support.

ADVANTAGES OF SERVICE PENSIONS.

As an argument in favor of well defined service pensions, Germany's industrial supremacy is in part at-

tributable to this cause. More than a quarter of a century ago, under the influence of Prince Bismarck, Germany began pensioning her working citizens and since that time has steadily developed government supervised mutual associations of employers insuring employees against temporary disability and permanent incapacity of old age in this way; all employers in each particular kind of business are grouped in classes with one or more mutual associations for each class. At the retiring age the employee is credited with the total length of service in any one class of occupation regardless of the different number of employers served during the time of employment.

The British Government sells in limited amounts immediate and deferred life annuities at cost, the Government bearing the expense of conducting the business in this manner and making a determined effort to reduce the number of its pauper class.

The State of Wisconsin in June, 1911, passed a statute providing for State administration of a life fund for paying old age annuities. It is the intent of State systems to furnish insurance at small cost; this method, compared with the expense attached to some stock companies, which have been frequently known to consume fifty per cent. of premiums in excessive cost of management, agencies, litigation and judgments, clearly indicates the advantage of a mutual association over the old stock concerns.

ESSENTIAL FEATURES TO BE CONSIDERED.

Before establishing a service pension a number of essential features are to be considered. Such funds are really based on the following five elements: First, to determine the age of retirement; second, the amount of the annuity; third, the length of service; fourth, the duration of the annuity, and fifth, the beneficiaries. The age of retirement, where an employee's waning ability renders him unfit for further service, is generally accepted

to be seventy years with respect to working men in many European countries, whereas, the age of retirement for working men in the United States in most industries, and on a number of the large railroad systems, has been established at sixty-five years. Comparing the situation regarding physical labor with mental labor, the latter is generally conceded to be the more exacting, because such occupations as clerical and professional work render an individual incapacitated at sixty years.

The amount of the annuity to be paid to a retiring employee is arrived at by different methods, but as a rule is arranged to approximate fifty per cent. of the former yearly income under normal circumstances. A common practice is to multiply two per cent. of the average yearly salary for the last five or ten years of service by the number of years of employment, which ordinarily would be, say, twenty-five, thus giving the fifty per cent. before mentioned. Adjusting the amount of pension to a graduated scale governed by the number of years of service increases the incentive to a longer time of service.

The minimum length of time of service which would insure a pension thus far considered by nearly all banks operating pension funds is fifteen years, unless otherwise specially provided for as in the case of sickness.

The duration of the annuity is fixed so as to continue for a period not longer than the length of service rendered, unless otherwise terminated before.

The beneficiaries named in the pension are the wife and children of the pensioner who receive an amount equal to one-half the original pension at the death of the pensioner. Generally there are restricting clauses which automatically cancel the pension before its natural maturity, dependent on the death of the pensioner or his wife and the arrival at a certain age of the pensioner's children. A widow of a pensioner who married the pen-

sioner after he became pensioned is prevented from participating in the benefits of the fund.

There is a further restriction which provides that in order that employees who need the advantage of a pension most and thereby derive the greatest benefit, all annual salaries in excess of three or four thousand dollars are disregarded, as far as the pension is concerned.

According to the tables of American experience, a normal man who has arrived at the age of twenty-one years has slightly more than one chance in two to live beyond the age of sixty years and only one chance in three to live beyond seventy years, therefore the percentage of pensioners who receive the maximum pension of fifty per cent. or more of their salary would be exceedingly small. There are no tables prepared to show the fluctuations caused by bank employees changing their places of employment; still, such changes greatly reduce the cost and risk to the bank, and in order to further lessen the expense, physical examination is required before new employees are accepted, the bank thus exercising careful selection and discrimination.

TWO GENERAL CLASSES OF SERVICE PENSIONS.

There are two general classes of service pensions known as the contributive class and the non-contributive class. The contributive class is one in which the employees are obliged to contribute two or three per cent. of their salary to share in the support and maintenance of the fund, while the bank sets aside a like amount as its share of the expense. It is provided in case the employee discontinues his service while in good standing that his deposits are returned together with interest compounded at four per cent. The contributive form amounts to the purchasing of a deferred annuity at reduced rates and is frequently a temporary tax at least on the employees for the benefit of the few who eventu-

ally receive pensions. A plan was proposed by one large bank whereby the employees were to contribute three per cent. of their salary and the bank was to credit an equal amount to an individual account kept separately for each employee. At the expiration of the period of service entitling an employee to retire, the accumulations of all credits made to the account, together with interest compounded semi-annually, were to be used in one of the following ways: either by purchasing a life annuity in some company approved by the trustees of the fund or to have the amount returned in ten equal yearly installments; in the event that the total amount did not exceed five hundred dollars the whole sum to be returned to the retiring employee on date of retirement. This proposed plan, however, never went into effect, due to some objections on the part of the insurance department in the State where the bank operated.

The non-contributive plan is one where the bank stands all the expense and the employee is in no way taxed. It is purely a pension, the reward for long years of continued service, and is substantially a deferred salary not included in current wages.

There is a divergence of opinion as to which of the two forms works the more satisfactorily. Some contributive forms tax the employees without even allowing them a voice in the control of the funds or any say as to the manner of the investments. The employees in such cases are not represented among the trustees of the fund, while the bank takes an arbitrary position regarding the fund—whether it shall continue, whether it shall be dissolved or whether the per cent. of salary taxed shall be increased or diminished. This appears not altogether advantageous to the employee who is exposed to a possible condition where a consolidation or change of administration might annul his rights to a pension heretofore depended on and actually paid for.

Doubt is expressed regarding the

correctness of the underlying principle involved; that is, should annuities be furnished with or without cost to the employee, and naturally there is strong opposition to all forms not working real benefit to the employee. It has already been urged that in all forms in which the recipient does not contribute toward a portion of the expense, he virtually accepts charity, and by so doing eliminates the greatest incentive to prolonged struggle and competition. Free pensions pauperize through unnecessary assistance and weaken the character of the individual. And as a matter of sentiment at least most employees would prefer to pay part of the purchase price to insure independence. Any other course would make dependents of otherwise thoroughly competent men. However, the experience in Germany with respect to the workingmen's insurance in the beginning met with similar opposition. When the employees accepted the terms of the Government they were obliged to contribute, with an unreconcilable dissatisfaction. After twenty-five years of experience in its operations a genuine value has been seen to accrue to the employee.

RELIEVING THE BANK OF A DIRECT BURDEN.

The pension fund must not be a direct burden on the bank itself, and a number of ingenious plans have been proposed from time to time to meet the situation. One plan to receive wide and favorable criticism was known as a "Fidelity Association" formed for the purpose of transacting the business of bonding bank clerks, and it was hoped that all banks would support the plan in order that the earnings might be sufficient to operate the "pension-furnishing end of the concern" independently of any one bank. Under this plan the banks were to deposit ten per cent. of the face value of each bond, together with an initial fee of \$5. The amount deposited was to be invested in approved securities and the net earnings therefrom used for the

purpose of pensioning employees of any of the subscribing banks. Naturally, the plan failed to meet with the approval of organized surety companies, for the reason that it competed in a field heretofore monopolized by them. Furthermore, it would be an extremely difficult task to interest a sufficient number of the isolated banks whose policies of necessity are too divergent to make this plan successful. The principal object of the Fidelity Association was to avoid a direct added expense to the bank, because regardless of what manner of pension fund be adopted the extra cost will be passed on.

Theoretically, salaries are arranged to include an amount necessary to purchase insurance against old age, either through a savings accumulation or through some kind of annuity policy. However, on account of minimum salary, surplus savings for the above purpose are limited and industrial advantages gained by the bank through establishment of the pension more than offset the expense; also competition for employment in institutions having a pension system tends to reduce the average salary paid to the majority.

Business being a progressive science, conditions are continually changing and advancing to keep pace with modern requirements. Note a recent change. In the immediate past in case of accident to an employee, it was required to prove at common law culpable negligence on the part of the employer in order to obtain a verdict and award of damages. The American theory heretofore held that it was not enough that the accident was caused by the ordinary risk of the business, but the employer must have been the sole cause. The principles that governed were "fellow servant," "contributory negligence," "assumption of risk," etc. Large sums were spent in litigation and the injured employees received only a percentage of the amount awarded; the expense of lawyers' fees for conducting the suit exhausted the remainder. Compared with this situation the "Workingmen's

Compensation Act" recently passed with respect to Inter-State Commerce has annulled the effects of the old theories and places the burden where it may be more easily sustained, on the strong corporations and not on the weak individual. These newer principles are equally applicable with respect to the pension fund, for old age impairs the capacity of the individual, just as sickness or accident does the young and sound, only old age is inevitable.

According to the report of the United States Bureau of Commerce and Labor, there was an important three days' conference held in Chicago in November, 1910, at the instigation of the State Commissioners of Insurance of Massachusetts, which was attended by all classes and conditions of employers, large and small, employees, editors, students of sociology and State and National legislators, together with representatives of labor unions. A number of carefully prepared questions were printed and forwarded to delegates in advance of the convention, to be voted on during the session. The consensus of this widely representative body on all questions affecting the relations between employer and employee placed all the responsibility of cost and expense of all accidents on the employer. It went so far as to fix the burden of proof for willful self-inflicted injury on the employer, and the conclusions of the conference clearly indicate the trend of business toward transferring extraordinary burdens of the individual least able to bear them on to collective industry, slightly increasing the ultimate consumers' expense.

Adequate pension systems are becoming to be regarded as incidental to the peculiar nature of corporate business and are increasingly being adopted as an inducement to a continued service, more particularly in banking institutions employing from 50 to 500 or more employees, where on retirement the employee is certain to receive a percentage of pension salary. The manner of arriving at the amount dif-

fers, but on an average approximates fifty per cent. of salaries, whether arranged on a sliding scale basis of two per cent. of salary for each year, multiplied by the number of years or a flat rate for fifteen, twenty or twenty-five years of service. Statistics are not available, but in the above-sized banks of modern type, employing a large proportion of younger individuals, the regular pension list could not exceed three per cent. of all employees for a long period. As three per cent. of pensioned employees receive a pension of fifty per cent. of salary, it would only amount to a one and one-half per cent. tax on the payroll to support the fund. A number of institutions require the employees to contribute three per cent. of the pay roll to this end, half of which would apparently sustain the pensions, while the other half or more may be returned to resigning employees.

Service pensions serve a double purpose of creating a present incentive and of supplying a future want, even though they do not provide beyond the actual necessities. The average pension, as was before stated, was designed to approximate fifty per cent. of an employee's salary, but the amount is cut in two when the pension reverts to wife or child through death of pensioner in most plans, and automatically stops at the point when it has con-

tinued the length of time equal to the service rendered by the pensioner. From these facts it will be seen that pensions are intended merely to supplement and not to supersede savings.

For more than twelve years there has been in operation by a bank in the Middle West a dual profit-sharing plan, affecting over 300 employees. The plan includes two distinct funds, one known as the "Pension Fund," the other as the "Participation Fund." Both these funds are supported out of part of the net earnings of the bank in the following manner: After the capital and surplus have been credited with six per cent. of the earnings for the period, a six per cent. deduction of the remaining net earnings is credited to the "Pension Fund" until such time as the fund reaches \$100,000. After that only such part of the six per cent. as will be necessary. Four per cent. of the remaining net profits is credited to the "Participation Fund." At the end of each year the "Participation Fund" is distributed in cash among employees in proportion to salaries. An expressed opinion of those directly responsible for the origin and operation of this form of profit sharing, judged in the light of a twelve-year experience, indicates the satisfactory results of practically making partners of all employees.

BANKING AND FARMING

By James P. Gardner

IT is the purpose of the writer to show in this article what is the aim, what is being done, and what has been accomplished by bankers throughout the country individually and through the agency of their State bankers' associations and the American Bankers' Association, to bring about more intelligent farming and higher development of crops.

No question of greater importance has ever come before the American

Bankers' Association than the one under discussion in this paper. On every hand, in magazines, in the daily press, the higher development of the country's farming interests is being discussed. And with good reason, for the problem of food supply is the one great problem now before the country.

The writer will not bewilder the reader with details or statistics which can readily be obtained from the proper sources. It might be well to state

here, however, that from a reliable source we are told that three years ago the nation's corn crop was some one hundred million bushels less than that of the preceding decade, although during that time the population had increased by one-fifth. The wheat crop three years ago was only three and eight-tenths per cent. greater than in 1899, while the population during that period had increased twenty-one per cent.; and undoubtedly every reader is

THE BANKER'S INTEREST IN FARMING.

It is only within recent years that the banker has actively sought means to promote agricultural development; that is, he has not heretofore outlined any well formulated campaign of activity to assist the farmer in a practical way, and by the resultant increased prosperity derive a commensurate profit. In the past the banker has directly assisted the farmer in making his crops



WHY THE CORN DOESN'T GROW

familiar with the fact that in spite of the rapid increase in our population the number of head of cattle, swine and sheep was actually less at the end of the last ten-year period than at the beginning.

FARMING A BASIC INDUSTRY.

The occupation of farming is the industry underlying all industries. As Dr. Bradford Knapp of Washington, D. C., said recently: "The food problem is going to be a problem of the future." Might he not have said "*the* problem of the future?" We are going to be increasingly interested in that inevitable question of food. We are chained to the bread-line.

or in the harvesting of his crops, lending him freely for these purposes. But in the new movement the banker, as has been so cleverly expressed, is taking an interest in the farmer as well as *from* the farmer.

From all parts of the country the banker, with the coöperation of his State association and the State agricultural colleges, is seeking to aid in the development of the land to a higher degree of fertility, not only by freely lending the farmer funds for this purpose, but in bringing in full-blooded stock to raise the standard of breeding in hogs and cattle and by assisting in securing better grades of seeds and fertilizers.

WORK OF THE AMERICAN BANKERS' ASSOCIATION.

The standing Committee on Agricultural and Financial Development and Education of the American Bankers' Association was appointed at the New Orleans meeting in November, 1911. Members of this committee, with representatives of several State bankers' associations, appeared in March last before Congressional committees at Washington in behalf of proposed legislation providing Federal support for the extension of agricultural education and farm demonstration work in every State in the Union. The committee's report urging the adoption of these measures by Congress was endorsed by the Executive Council of the American Bankers' Association at Briarcliff in May, 1912.

Two members of this committee, ex-Governor Myron T. Herrick of Ohio and Edwin Chamberlain of San Antonio, Texas, with other prominent members of the American Bankers' Association, have made a thorough study of European agricultural credit systems. A report of their investigations was made at the convention in Detroit, as a basis for consideration of some form of government land bank best adapted to American conditions. An admirable paper on American farm credit was read at the same meeting by Hon. Charles A. Conant, the well-known financial expert.

STATE BANKERS' ASSOCIATIONS HELPING THE MOVEMENT.

For more than three years State bankers' associations, beginning with Minnesota, under the leadership of the chairman of the American Bankers' Association committee, Joseph Chapman, Jr., have been promoting agricultural movements. The first annual convention of agricultural committees of State bankers' associations was held at Minneapolis in October, 1911, with twelve States enrolled, while at the recent 1912 convention twenty-six States were represented. Reports made there

indicate that the State associations are actively engaged in every form of agricultural extension from securing legislative appropriation for vocational education to organizing corn clubs, exhibits and contests, supplying seed, studying soil development, improving roads and extending farm demonstration work.

To illustrate what is being done I will outline the work of some of the State bankers' associations. It must be understood that the bankers' associations do not claim in any way any peculiar knowledge of agricultural methods, the aim being to bring to the attention of the farmers the fact that agricultural colleges through scientific experiment have demonstrated that there are better ways of farming than those used by the farmers, and to secure their interest it becomes necessary to bring direct results before them.

The effort is directed, therefore to interest the farmer in improved methods of agriculture by showing him how these methods would benefit him by securing increased yields and greater profits from his lands.

For example, in Wisconsin the bankers' association in that State holds agricultural contests, farmers and their children are invited to compete for prizes by bringing in the best samples of their farm and garden, each exhibitor being given a sample of pure bred seed for next year's planting, and methods of proper planting as well as the advantages of pure bred stock are explained by competent men from the State agricultural college.

The Illinois Bankers' Association, of which B. F. Harris of Champaign is the able president, was perhaps the pioneer association to recognize the value of the cooperation of the banker with the farmer, and in his many able addresses Mr. Harris has emphasized the supreme importance of the movement.

The first practical work of this committee appointed in 1910 and named the "Committee on Agricultural and Vocational Education," was to draft a bill, introduced into Congress, named the

McKinley Bill, to provide for field demonstrators, paid by the Federal Government. By compromise arrangement this bill has now been merged with the Lever Bill, with very best assurances that it will pass in Congress. The committee enlisted the services of bankers' associations all over the country in support of this bill, and went down to Washington, with the bankers from other States in support of this bill.

A direct result of the agitation and discussion of field demonstration work is shown in a number of counties in Illinois, where the bankers have such work under way, notably in DeKalb and Kankakee counties, the former county paying \$4,000 for an expert demonstrator. The advantage of this work was so apparent to them that they did not want to wait until Federal or State bills were passed for providing the money for it.

Conferences of the best educators in the State have been held, including other public interests, such as the manufacturers' associations, labor organizations, and others, and as a result of these conferences there has been prepared a model educational bill, to be adopted by Illinois, the purpose of the bill being to furnish a practical system of public education to perform its function of making citizens of value to themselves and the State.

The Illinois Bankers' Association issued the first call for a meeting of agricultural representatives from the various State bankers' associations by addressing all the presidents of the State bankers' associations in the United States early in the summer of 1911, asking them to designate bankers interested in agriculture to meet with the Illinois committee of the American Bankers' Association convention in New Orleans in November, 1911. Such convention was held and twenty-four States were represented. This resulted in the Illinois committee preparing a resolution, which was endorsed by the American Bankers' convention at New Orleans, November, 1911, providing for a permanent committee of seven, to be

known as a Committee on Agriculture and Financial Development and Education.

AN EFFORT IN BEHALF OF GOOD ROADS.

The Illinois State Association also appointed a committee on good roads, which has done practical work by asking the 1,700 bankers of that State to answer twenty questions with reference to the road situation. These answers were compiled into a most comprehensive report. Copies of this report were sent to some 2,000 newspapers and publications in the State, as well as to every member of the Legislature, and the bankers and the press have given it wide publicity, and it has awakened great interest.

The ten groups of the Illinois bankers, divided as to counties over the State, each appointed a good roads committee of one man in every one of the 102 counties in the State. Arrangements are being made with the aid of the United States Government, State farmers' institute and the railroads, to run a good roads lecture and demonstration train throughout the State. For two years all the group meetings have had one or more agricultural and road speakers. The meetings have been thrown open to the farmers and the public.

A great amount of literature has been distributed covering all these subjects, and many banks and counties have provided for boys' corn clubs and prizes. Scores of banks have made various prize and other offers to promote the study of agricultural subjects, and have actually engaged in testing seed corn for the farmers, filling their bank lobbies full of seed corn testers, demonstrating to their farmer clients that it pays to test the corn.

The agricultural committee had charge of one day's session of the 1911 State bankers' convention, held in Springfield in October. The large State arsenal, seating several thousand people, was required to accommodate the attendance. Hon. James J.

Hill delivered the leading address, and the Supreme Court of the State adjourned to attend the session in a body.

This work has its large and far-reaching expression since B. F. Harris was elected president of the association in October, 1911. The whole policy of the association, under the present administration, has focused on better agricultural methods, a better educational system, better roads, and good citizenship, the desire being to connect and affiliate the association with matters pertaining to public welfare. The president has especially urged that all banks in the State be brought under State supervision (aside from national banks, which are under Federal supervision), and has appointed a committee to draft such a bill.

Mr. Harris, in correspondence with the writer, has stated (and the writer here wishes to express his appreciation of the kindness of Mr. Harris in furnishing the data of his office to assist in the preparation of this article), that the quickest and most practical way for the banker to aid in promoting better agricultural methods is for the banker to encourage field demonstration work in his community and county. The bankers in several counties in Illinois have led in this movement, notably in DeKalb County, where the bankers guaranteed a sufficient fund to employ a thoroughly practical field demonstrator for a period of three years.

The banker may further aid in this work by urging and assisting farmers in germination tests of seed corn, and other grains, and many of the banker-farmers, throughout the rural districts, are furnishing testers to the farmers, and in many instances are themselves testing the corn that the farmers have brought in, in answer to their request. They test this corn in the germinators in the public lobby of the bank.

This is a real demonstration wherein the farmer is "shown," and creates wide interest, and gives rise to much newspaper and other publicity. The bankers of Illinois have also offered

corn prizes to the farmers and their sons, and have offered to lend money without interest, within certain amounts, to farmers who will use it to purchase natural fertilizers.

EDUCATION FOR THE FARM.

The banker should also work for a better educational system, and in the rural sections have instruction that faces the farm. That is, agriculture should be taught in all the country schools, and the instruction in reading, writing, spelling and arithmetic should be in terms and along lines that relate to agriculture and the problems of rural life.

The banker should post himself on the principles of improved farming, more especially with reference to better seed and the maintenance and increase of land fertility. He may give frequent private and public advice and suggestions along these lines, and if he is a farmer, and has a farm of his own, he should take special pains not alone on his own account, but for the example it would furnish by the use of the best methods.

In the accompanying cut is shown a photograph of the interior of the First National Bank of Joliet, Illinois, during the corn show held in the banking rooms in October of last year. The contest, open to all farmers in the county, is to be continued this fall. Three prizes for the three best ears of corn are offered by the bank. The results have proved very satisfactory and great interest has been taken by the farmers in the contest.

SOUTH CAROLINA AND NORTH DAKOTA INTERESTED.

In South Carolina, Robert I. Woodside, the able president of the Farmers and Merchants' Bank of Greenville, S. C., last spring addressed letters to a thousand or more planters of his county, in which he held out to them a proposition whereby they could stock their farms with the finest of registered hogs and at prices very much



CORN SHOW IN THE BANKING ROOM OF THE FIRST NATIONAL BANK, JOLIET, ILL.

cheaper than could be obtained otherwise. Mr. Woodside's plan was in brief this: "The Farmers and Merchants' Bank will undertake to order thoroughbred hogs in carload lots and place them with the farmers of the county at actual cost. By ordering in carload lots wholesale prices can be obtained and also a saving in the way of freight and crating. We desire to place these hogs, preferably in lots not to exceed five to each farmer. If you do not wish to take them for cash, we will accept your note, with satisfactory endorsements, payable next fall."

The plan was successful from the start, and Commissioners of Agriculture in many States have heartily approved the plan; Commissioner E. R. Kone of the Texas Department of Agriculture having sent a statement of the "Woodside" plan to the press of the State and urging bankers and farmers to adopt it in principle.

In North Dakota the bankers' association has done excellent work along

educational lines among the farmers the past year. The Better Farming Association, organized through the bankers' association, is a corporation composed of business men of the State, and of Minnesota, who believe that unless a radical change in the methods of farming is adopted their future business will be seriously impaired. This association, with its agricultural and live stock experts, has established a number of demonstration fields, showing field methods to aid the farmers to increase their profits.

A number of practical and thoroughly trained men have been employed to carry the results of their research directly to the farmer. Demonstration fields, comprising an acre or more, are under cultivation to show how certain crops should be raised, and the best tillage methods applied.

Other fields ranging from five to twenty acres are designed to illustrate a proper system of crop rotation to enable the farmer to secure larger yields

and to keep up the fertility of the soil, which is of the greatest importance.

The association also aims to impress upon the farmers the necessity of keeping accounts and records. The books are simple, and it is believed that a knowledge of costs and income will correct the lack of interest in the business side of the farm.

SOCIAL LIFE OF FARMING COMMUNITIES.

The social side of farm life has not been overlooked. During the winter lectures are given through the farmers' clubs and every effort made to promote the social life of the community. To quote from the prospectus of the association: "The organization has engaged in this work solely for the benefit of the State. It is here to be made use of by the people and is anxious to give its services to all who can make use of them, thus assisting in the great educational movements that have had for their purpose the making of a more efficient country life and of increasing the productiveness and profitability of the farms of the State."

PRACTICAL NATURE OF THE WORK.

The circulars and posters sent out by the banks to the farmers are eminently practical, as may be inferred from some of the titles: "Test your seed corn," "How to plow deep," "Why plow deep," "When to plow deep," "How robbery of the soil may be prevented," "Crop rotation is crop coöperation," "Crop rotation keeps up fertility," "First aid to the farm and farmer," etc., etc.

Many of these circulars and posters are cleverly illustrated. In some of them are fully outlined specific instructions about growing corn, alfalfa, potatoes, grasses and clover, some of these crops perhaps not before having been grown in the locality. Signed articles by experienced farmers are furnished free, telling the best variety of seed to use, and giving directions as to the preparation of the soil. The pamphlets are carefully prepared and are

on file at the State bankers' association headquarters for distribution.

HOW OKLAHOMA BANKERS ARE HELPING.

In Oklahoma a large area of the State is subject to long dry spells during the months of June, July and August, and most of the farmers coming from Northern and Eastern States make the mistake of raising the same crops which were successfully grown at their former homes. The main crops are wheat, alfalfa, corn and cotton, the latter being grown very successfully in the southern part of Oklahoma. Wheat does well about every other year. Alfalfa is a splendid crop in a good season but amounts to little without rain. Corn has been a failure almost every year, when the State as a whole is considered, although big yields are had regularly in some sections.

The main effort of the Oklahoma Bankers' Association has been to get the farmers away from Indian corn raising. Many successive failures have not taught them the folly of growing this crop in Oklahoma. The corn coming up so well and giving such splendid promise of a crop during the first two months, led the farmers to believe that they would get a fine yield the next year, and so they kept on trying and losing. On the other hand, Kaffir corn does well in almost any part of Oklahoma. It yields as much per acre as the Indian corn, is nearly as good for food and is a certain crop. So the association has tried to get the farmers to give up Indian corn and plant Kaffir.

The estimates of the Board of Agriculture of Oklahoma show that there was planted in Kaffir corn in 1911 about 450,000 acres. In 1912 this had been increased to 1,100,000 acres, more than double the previous year. The 600,000 additional acres of Kaffir corn will yield at least \$10 per acre more than the same land would if planted in Indian corn, so that the farmers of Oklahoma will have \$6,000,000 more returns this year than they would have

without the agitation for this crop, and this gain is due to the work of the association.

In 1910 and 1911 feed stuff was scarce and high in Oklahoma. The farmers sold off their stock because they lacked the necessary feed to carry cattle through the winter. Those who did not sell paid a high price for feed, and most of the feed they bought came from beyond the State, so that the banks were continually being drained of needed funds to pay for imported feed. This year there is plenty of feed from the Kaffir corn, live stock is being bought up to repopulate the farms, and the money that went out last year remains in the banks and is available for other purposes.

The association is trying to make its work broad and to cover other phases than the particular one mentioned, but in order to be effective has dwelt specially on the problem of corn growing. Excellent work is also being done by others for the consolidation of the rural schools and for better educational facilities for the farming communities.

In Oklahoma the farms are large, from 160 acres up and insufficient attention has been paid to what they will produce. With proper development of

agriculture the State could easily support a population four times what it has to-day. The farmers are progressive and are willing to take up the new ideas advanced to them, and the association expects to continue to coöperate with every agency looking to the advancement of the agricultural interests of the State.

Many other State associations have actively sought to aid the farmer, but sufficient has been said to show that the bankers of the country are fully alert to the gravity of the situation and the necessity for action.

The question of greater crop development is exceedingly momentous to our future prosperity, and it is a source of deep gratification that the bankers of the country have undertaken the solution of this grave problem, and so bravely and so wisely have sought to live up to their higher responsibilities. The work is undertaken in a spirit of public service of the highest type; it is founded upon a sound economic principle and cannot fail within a few years to help in solving the serious problem which now confronts the American people—the maintenance of an adequate food supply at a cost that enables the consumer of limited means to supply his table with life's necessities at least.

INTERNATIONAL BILLS OF EXCHANGE CONFERENCE

THE International Conference on bills of exchange, which recently concluded its sittings at The Hague, had a somewhat more serious responsibility imposed upon it, says the "Wall Street Journal," than the conference of 1910, because the first conference was deliberative only, while the second has prepared a project of law on the bill of exchange which the continental powers taking part are expected to pass without the change of a word. Only by this method, of course, can be obtained that uniformity of legislation

throughout the world which the conference aims to secure.

It is almost needless to say, to one versed in international law, that the project of the uniform law is not one which either Great Britain or the United States can accept. This arises from no lack of sympathy with the objects of the conference, but from the fundamental differences between the Anglo-American legal system and the systems of European and Latin-American countries, which are based in most cases upon the Roman civil law.

The new law will represent chiefly the work and views of the four leading continental powers which have from the beginning been the most active in the matter—France, Germany, Austria-Hungary and Italy. All these countries were represented by men of exceptional ability.

The uniform law consists of, therefore, in many respects a compromise between the German and French legal systems, both of which have formed the model for many other states—but with frank departures from both in favor of the English system when this was believed to be practicable.

It is difficult to specify instances in a measure consisting of so many details and in character so highly technical, but among the cases in which the English rule has prevailed may be mentioned the option given to contracting states to discard the specific designation of a bill of exchange as such, in order to give it validity; the right of the drawer of a bill to draw upon himself; the recognition of presentment for payment through a clearing-house; the right of the drawer to stipulate for indefinite extension of the time for acceptance of a bill payable at a fixed time after sight; and the extension of the rule of force majeure to cases not purely personal. The compromise proposition, to exclude only excuses purely personal to the person charged with the presentment of the bill, opens the door to excuses due to railway accidents, delays in the mail, and, indeed, any incident affecting a number of persons.

It goes almost without saying that the uniform law will not establish absolute uniformity, even among those powers which adopt it, but every effort will be made to come as close to uniformity as possible in the beginning. The contracting states bind themselves to communicate to the government of the Netherlands all the provisions which they may enact under the convention, and such information is to be conveyed by the government of the Netherlands to the other contracting states. In re-

sponse to a suggestion by the American delegate, Charles A. Conant, such information will also be given to non-contracting states which were represented in the conference, provided they indicate a desire for it and offer to give reciprocal information regarding their own legislation. Each contracting state is also to advise the Netherlands government of the terms which in its language and under its law correspond to the designations "bill of exchange" and "promissory note," and states having a common language are to agree among themselves upon common terms.

In the field of the check the conference has laid down a series of principles which are recommended to the powers for consideration, but which are not elaborated into the form of a law. It is contemplated that after a sufficient period for the examination of these principles, another conference shall be held for reducing them to definite and final form. The legislation regarding the check offers a field for innovation and development in the continental countries greater in some respects than that regarding the bill of exchange. The cumbersomeness of the present check system on the continent and its inadequacy to the needs of modern business were recognized by many of the continental delegates themselves, but they are hampered in making changes by fiscal requirements and by long established customs. One great step has been taken, however, to popularize the check and add to its safety as a means of making payment. This is the adoption, almost in every detail, of the English system of "the crossed check."

Already France and Belgium have taken steps to authorize the use of this supple instrument of credit, without waiting for international sanction, and many states came to the conference with a strong predisposition towards the English system. This is a great step and one likely ultimately to have important economic consequences and to lead to still broader reforms when another conference is assembled. The

delegates were less receptive towards the system of the certified check, as used in America.

Upon the whole, the conference may be said to have accomplished all that was expected by those who organized it four years ago. There appears to be little doubt that the leading powers of the continent will enact the uniform law as soon as their legislative machinery can be set in operation, and

that their example will be followed by the smaller continental powers and those of Latin America. Several years will be required for these measures, but when they have become effective there will be substantially but two systems of law in the world governing the bill of exchange—the realm of the uniform law and that of the Anglo-American law, and all will have many provisions in common.

SOCIAL, INDUSTRIAL AND CIVIC PROGRESS

By Ralph M. Easley, Chairman Executive Council National Civic Federation

EDITORIAL NOTE.—There is a tendency in these times toward undue castigation of self. A great deal of energy is expended in finding fault with everything and everybody. Our institutions are declared to be all wrong, and things are going to the bad generally. It is therefore a real pleasure to find someone who gives us concrete facts showing that things are not quite so hopeless as the prophets of despair would have us believe. That many men and women are working unselfishly and effectively in the material and moral uplift of the country. This is the hopeful message contained in the following address of Ralph M. Easley, Chairman of the Executive Council of the National Civic Federation, delivered at the meeting of the Fourth National Conservation Congress, Indianapolis, Ind., October 1.

IN view of the fact that the work of the Committee on Civics was not outlined at the time it was organized, and as it was the desire of the national officers of the Conservation Congress that its work should not duplicate nor overlap the work of other organizations, the mapping out of a practical programme for the committee was deferred until this meeting of the congress.

Recognizing this situation, Secretary Shipp suggested that I, as chairman of the Committee on Civics, should briefly review the progress that has been made by others in this country along industrial, social and civic lines. This seemed to me wise because at a gathering of this kind, which will discuss conditions that call for improvements, it might be helpful to note what progress our country has already made along these lines. To look back adown the slopes we have so painfully and undauntedly climbed in advancing to our present plane of material and moral welfare, far from inspiring us with a smug complacency, should heighten our resolves and give renewed energy and freshness of spirit.

AN ENGLISH NEWSPAPER'S CRITICISM OF OUR SOCIAL AND CIVIC CONDITIONS.

Another reason for accepting the suggestion is that I had just read in an English

newspaper a sweeping and vitriolic criticism of our social and civic conditions. Our unkind critic spoke of us as a people so utterly bound up in the worship of the "almighty dollar" that we had lost whatever social vision might have illumined the minds of our fathers. To all sense of social righteousness we were as a people pitifully indifferent. In mill, factory and mine our working people slaved; in tenement and farmhouse our poor lived, little if any better than the poorest of Europe's poor; our sick and otherwise helpless were scarcely given a thought. Politically we were rotten to the core, statesmanship and graft going hand in hand.

That, in short, ours was a dog-eat-dog civilization, and that the only direction in which light might be seen breaking was in the "fact that making headway among the wisest and most far-seeing Americans was the conviction that American institutions were a failure!"

The editorial concluded with the statement that if anyone considered that it was biased or materially different from the true state of affairs in America, all such skeptical readers need do was to acquaint themselves with the writings and speeches of American sociologists and magazine writers or to converse with any of that "dwindling proportion" of our well-informed citizens to whom human values are not a mere academic phrase or an abstraction.

It is unnecessary to point out before such a discriminating audience as this that our English critic might have used his columns to better advantage if he had differentiated between sociologists and magazine writers who seek our country's good and those who seek only its destruction—a very important differentiation to make at this time.

In fact, our critic may be a socialist himself, who is only passing along to England the general cry of the socialist editors,

preachers and college professors of this country, that "whatever is, is wrong;" and that there is a great unrest in the industrial world which will, sooner or later, burst out in volcanic force and engulf us in a terrible cataclysm—all of which is unspeakable rot.

I think I am in a position through the organization with which I am connected (composed as it is of the representatives of the great labor, agricultural, manufacturing, banking, commercial, educational and professional organizations to know something about this "great unrest" upon which the socialists and other radical writers and speakers declaim so much, and I can assure you that the only unrest in the industrial and social fields that I can discern is that wholesome, normal unrest which comes through the education of the people, a better understanding of their rights as workers and the translation of that knowledge through the labor unions and other social and economic organizations into concrete demands for better living conditions.

THE COUNTRY NOT GOING BACKWARD BUT FORWARD.

But let us take a bird's-eye view of the situation and see whether we are advancing or going backward. I think you will agree with me that the following bare outline of a few of the important achievements and the work now being done by organizations and movements of public-spirited citizens is inspiring and encouraging.

Let us start with the industrial gains.

The American Federation of Labor and the railway brotherhoods have in the past twenty-five years secured better wages and working conditions for millions of wage earners and the eight-hour day for hundreds of thousands, and they have developed a system of collective bargaining and methods of conciliation and arbitration that are reducing the number of industrial disturbances. To get a clear idea of what this means in terms of progress, let us consider that while in the past six months 500,000 coal miners and their employers have made contracts covering wages, hours and conditions of employment for a term of four years; all the railroads east of Chicago are arbitrating their differences with their thousands and thousands of engineers, trainmen, conductors and so on; the hundreds of thousands of carpenters, bricklayers, painters, plasterers and others of the thirty-five crafts involved in the building industry have made contracts with associations of builders all over the land from Maine to California; while the publishers of the great daily newspapers throughout the United States have made a five-year contract with their printers, pressmen, stereotypers, etc.; and the street railway employees in many great cities and many others of the 135 crafts belonging to the American Federation of Labor have

made satisfactory contracts with their employers—I say, let us consider that while this is what is going on to-day in this country, we shall not have to go very far back into history to find the time when it was a penal offense for a man to join a labor organization, or for workers to ask collectively for an increase in wages, and to find that, while we are now legislating in the interest of the employee for a minimum wage, at that time the effort of legislation was for a maximum wage in the interest of the employer.

In the meantime, the State factory legislation has revolutionized the methods of sanitation in the workshops of the country and is safeguarding better and better the lives and limbs of the workers.

Employers are making increased provision for the welfare of their employees through sanitary and safe work places, opportunities for recreation and education, model homes rented or sold, and relief funds for sickness, accident and death benefits, as well as old age pensions, all affecting millions of railroad, factory, mine and department store workers.

The National Child Labor Committee has led a campaign that in ten years has secured wholesome legislation in practically every State in the Union, reducing hours of labor, prohibiting children under fourteen years of age from working in factories, mines and mills, and preventing night work for women and children in many places.

The tenement house reform movement in New York alone, where the problems are greatest, has made seventy-five per cent. improvement in fifteen years; and as an example of the growing recognition by big business of its social responsibility, it may be pointed out that when the Supreme Court upset the Tenement House Law and by a decision wiped out all that had been accomplished in twelve years through the tenement house agitation, the allied real estate interests in New York joined with the tenement house reformers in securing the passage of a State law and a city ordinance correcting the defects.

Amazing in magnitude and usefulness are the health organizations, public and private, devoted to securing more efficient methods of sanitation and the prevention of disease, recent statistics in New York city showing as a result of such work that the mortality rate has decreased fifty per cent. in fifty years.

There are various national and local organizations devoted to the protection and education of the millions of immigrants from all parts of the world who have landed on these shores in the past ten years, and whose assimilation and adaptation to American standards and conditions have constituted one of the problems of the age.

There are thousands of non-sectarian hospitals and institutions for the scientific

care of dependents, defectives and delinquents.

Splendid work is being done by the great charity organization movement which is teaching independence and thrift through its penny provident societies, and which has organized some of the most important preventive and remedial agencies.

The National Federation of Remedial Loan Societies covers twenty-eight cities, where societies lend money to the poor at reasonable rates to protect them from the loan sharks, the New York organization alone having a fund of millions for this purpose. A rapidly increasing number of large employers have changed their attitude towards their employees, in that they now aid instead of discharging those who incur debt—the latter policy having played directly into the hands of the loan sharks.

The National Association for the Promotion of Industrial Education has brought the manufacturers' associations and the labor organizations into harmonious support of the measure providing a Federal appropriation of \$5,000,000 for industrial education of the young workers in towns and cities, whether in factories, stores or offices, and including domestic science for the girls. The measure also provides an equal amount for the sons and daughters of the farmers.

The tremendous programme of constructive work undertaken by the United States Bureau of Labor and the Bureau of Mines in the interest of the workingmen and by the Department of Agriculture for the farmers should alone silence our English scoffer. The recent establishment of the Children's Bureau is an achievement of which humanitarians may well be proud.

The public school system and other free educational institutions enable the children in this country to-day to receive twelve times as much schooling as their grandparents—a tremendous factor in our advancement of itself and one that readily accounts for much of the unrest without which no progress could come.

The universities, especially the State institutions, have in the past ten years enlarged the scope of their work to such an extent that many of them can be classed as leaders in what are termed the "uplift movements" of the day. A complete catalogue of the public work done by the University of Wisconsin alone would be a revelation.

The Playground and Recreation Society of America and other recreation movements are assisting in the development of children's playgrounds in parks and schools and are bringing health and good cheer to congested centres.

The association for Labor Legislation is working jointly with the American Medical Association to safeguard wage earners against occupational diseases.

The American Bankers' Association is

organizing a movement to help the farmers of the country develop idle land in the effort to decrease the cost of living.

One of the most encouraging signs to those who are alarmed over the high cost of living, and that is about all of us, is the recognition by the farmers, State agricultural colleges and railroads of the necessity of introducing up-to-date methods for raising and marketing grain, live stock, fruit, dairy produce, etc. Only last week I read the announcement of a convention called in Kansas where three thousand delegates will meet to consider this very question of improving the methods of farming. These delegates will represent not only farmers but also the bankers, merchants, wage earners and all divisions of society.

It would take a volume to describe even in outline the great social and economic reforms being promoted by Mr. Andrew Carnegie, Mrs. Edward H. Harriman, Mrs. Russell Sage and Mr. John D. Rockefeller, whose \$60,000,000 gift covers the promotion and development of the high school system in the Southern States and the promotion of higher education throughout the United States, while his Sanitary Commission has discovered and is eradicating the hookworm disease in the South. The Carnegie Institute of Washington, with an endowment of \$22,000,000, was founded to encourage in the broadest and most liberal manner investigation, research and discovery, and the application of knowledge to the improvement of mankind, while the Carnegie Foundation for the Advancement of Teaching, with its \$15,000,000 endowment, provides retiring pensions for the teachers of universities, colleges and technical schools. The Russell Sage Foundation, endowed by Mrs. Sage with \$10,000,000, has for its purpose the improvement of social and living conditions in the United States of America.

There are the tremendous achievements through the institutional work of the churches of all denominations. Three-fourths of the efforts in the live church of to-day are devoted to material welfare, as is evidenced by the especial care of the orphan, the sick and the poor on the part of the Catholic Church; the great Hebrew philanthropic and educational agencies; and such single illustrations as the social work outlined in the handbooks just issued by Trinity and St. George's parishes in New York—the former being a revelation to those who believed that the millions of Trinity Church were being used only for commercial profits.

The Young Men's Christian Association, with its tremendous energy and enthusiasm, while organized primarily to promote the spiritual growth of young men, has lately, under its "physical and social well-being" clause, gone into the field of industrial betterment with conspicuous success.

The Men and Religion Forward Move-

ment and the Federation of Churches, representing many million members of Protestant denominations have recently adopted broad programmes of industrial and social reform.

There are the movements to suppress the social evil, known as the Federation of Sex Hygiene; the Anti-Tuberculosis Society, with its wonderfully comprehensive and successful efforts in fighting the great white plague; the Red Cross Society which, in addition to relieving distress in great disasters, has fostered with marked success annual competitive drills of "first-aid" crews from the mines; the Boy Scouts of America, inculcating patriotism and good citizenship; the National Consumers' League; the New York Museum of Safety and Sanitation; and hundreds of other organizations and movements devoted to human betterment too numerous even to mention by title.

And last, but not least, there is the educational work being done by The National Civic Federation through its Departments on Conciliation, Compensation for Injured Workmen, Industrial Welfare, Pure Food and Drugs, Reform in Legal Procedure, Regulation of Interstate and Municipal Utilities, Regulation of Industrial Corporations and Uniform State Legislation.

As much of the work of the various departments of The National Civic Federation called for uniform State legislation, a special department was organized to co-operate with the Commissioners on Uniform State Laws.

The importance of uniformity to all business and commercial institutions is clearly recognized, when we consider that our larger corporations—such as the railroads, telegraph, insurance, banking and trust companies and, in fact, so far as taxation is concerned, all manufacturing concerns whose plants are in different States—are subject to forty-eight masters, each with a mind quite different from that of the others. The "interminable" law's delay, the clashing of the States upon the question of regulation of corporations and combinations, the diversity of State laws on ordinary commercial matters, such as warehouse receipts, bills of lading and negotiable notes, the urgent need for a uniform bill on compensation for industrial accidents, all give emphasis to the need for uniformity. But even this chaotic legislative situation shows encouraging signs of clearing up.

ETHICAL STANDARDS CONSPICUOUSLY HIGHER.

So much for progress along industrial and social lines; but we have made and are making just as great progress in this country along other lines that affect the general welfare of the people. And also our ethical standards and our aspirations are conspicuously higher. For instance:

Within the past twenty years there has been a most remarkable gain in the popular

concept of the relation of industrial, railway and municipal utility corporations to the public. The large corporations called trusts have been taught even in the past five years that they must recognize certain "rules of the game" that give their competitors a chance and what is wholesome about this from the ethical standpoint is that they now admit the justice of these changed conditions.

The abolition of rebates and free passes and the placing of railroad, telegraph, telephone and express companies absolutely under the regulatory power of the Interstate Commerce Commission are so far-reaching that the benefits to the people are impossible to measure. From Federal regulation of railroads, it was only a step to State regulation of street railway, gas and electric light companies.

The idea that railways or big corporations are masters of the people has been dissipated.

To-day, through insistent demand of the people for publicity, it can be said that the big business of the country is being done behind glass doors. The improved methods of doing business adopted by banks, trust companies and insurance companies during the past five years would alone justify this statement.

In practically five years, thanks to the great educational work of the National Conservation Congress, there has been a complete transformation of the public mind in the matter of proper control of our natural resources, such as our public lands, timber and water power. It was not many years ago, when I was living in the West, that it was considered a smart thing to "grab off" all public land that one could get hold of. This was generally accomplished by taking land in the name of your mother and father and all your children, past, present and future, and it was not bad form even to use your neighbor's name in taking up claims I found my own name had been used in three or four different counties by some of my ambitious neighbors.

PROGRESSING POLITICALLY, TOO.

Politically speaking, we have progressed from the state where our elections were great public scandals and where primary elections were "free-for-alls," with no legal status whatever, to a day when, thanks to the Australian ballot law, ballot-box stuffing is practically unknown and primaries are generally so conducted that the voters control.

Campaign contributions that were largely responsible for corruption in politics and legislation are now by law made public to the world.

The initiative, referendum and direct primary have been adopted in some form in two-thirds of the States and in over 200 cities the commission form of government,

often with a recall attachment, has been adopted. These measures, whether they prove to be practical reforms or not—and there are many who doubt that—undeniably testify to the paramount power of those agitating for a so-called “progressive programme,” they all being opposed by what are termed the “reactionaries.”

The civil service, from being a thing detested by nearly everybody twenty years ago, is so popular to-day that political parties are vying with each other to see which can include the largest number of civil employees. The President is now recommending that even all fourth-class postmasters be taken from under the political brokerage offices of the Congressmen and placed under the civil service law.

The government of cities, which has been the burning shame of this country, as it was in the early days of every other country, is slowly but surely becoming more decent and effective. The work of the National Municipal League, the hundreds of local municipal reform associations, and the National Bureau of Municipal Research with its local bureaus, furnish abundant evidence of the truth of this statement. The Bureau of Municipal Research is not only making an exhaustive and painstaking analysis of administrative methods in many large cities, and installing more up-to-date and efficient systems, but it also has prevailed upon the Federal Government to have a similar investigation made in its various departments. It has, in addition, organized a training school to meet the demand for municipal experts.

The administration of justice and the influence of wealth upon the decisions of the courts have been revolutionized in the past ten years. It used to be charged that the criminal courts convicted only the poor and released the rich, whereas to-day the penitentiary that has not a half-dozen or more bankers or rich malefactors within its walls is the exception. There is no man or corporation so powerful to-day as to be immune from attack by the government when violating the law.

The American Bar Association and the National Civic Federation are jointly working to bring about a reform in legal procedure which will wipe out unnecessary delays and cost in litigation, thereby opening the courts more freely to the wage earner.

Five years ago there was no such thing as a Pure Food and Drug Law. To-day there is a Federal Act which has been made the basis of legislation in thirty-five States, and in another five years it is likely to be practically impossible for misbranders or adulterators of food and drugs to live outside of our penal institutions.

The rural free delivery, the postal savings bank and the parcels post, are all great advances from which the farmers largely benefit.

The building and loan associations and

savings banks, unknown in early days, are great aid to wage earners.

In other words, reform is writ large over all sections of the country and all classes of society. There are:

Over 2000 boards of trade and chambers of commerce, at least half of whose efforts are directed towards municipal and industrial reforms, and the other half to commercial reforms;

Thousands of church societies and committees aiding in the improvement of industrial, social and political conditions in their respective localities;

Thousands of women's clubs, representing over 2,000,000 of the brightest and most energetic women of our nation, devoted to securing civic improvement, factory legislation and reforms in public schools, to spreading information upon social hygiene and domestic science and working for the protection of women and the redemption of unfortunate ones;

Thirty thousand labor organizations, whose purpose is not only to secure better working conditions, better wages and a shorter work day for wage earners, but also to lift them to a higher plane of citizenship; and

Millions of farmers who, through granges, alliances and institutes, are working not only to improve the home life on the farm, but to educate their children in the use of better and more scientific methods of production.

Pretty fair, is it not, for a people whom our English critics and our American socialists say are bereft, or almost so, of a social sense?

And it must also be kept in mind that this résumé does not refer to progress in science, invention and the arts, nor is attention called to the fact that never before in the history of this country were the basic conditions better than they are now, despite the fact that a national political campaign is supposed to be on.

IDEAL NOT YET REACHED.

But while the progress made has been so tremendous that we do not realize it, on none of these lines is it contended that anything near the ideal has been reached. There are yet very many black places and perplexing problems demanding attention on the part of those who love their fellow men. But the same courage, intelligence and humanitarianism that have accomplished so much will not now falter, but will press forward.

Many in this audience may conclude that I am unduly optimistic and that I am able only to see the good, but I can assure you that I know something as well about the ills of society; for instance, I could cite from the records of the Welfare Department of the National Civic Federation alone a catalogue of industrial horrors showing where greedy and thoughtless, if not unfeeling and criminal, employers are grossly and

outrageously mistreating the wage earners in their employ, paying them atrociously low wages, working them excessively long hours and giving no consideration to the comforts or decencies that a humane employer would furnish. But also from that same record I could show that all such evils are being met by other employers, justifying the belief that, through education and proper agitation, the remaining sore spots can be removed. Last year one great corporation alone spent five millions of dollars in betterment work, including a gradual shortening of the working time, in its plan for improving conditions, and several large corporations, operating night and day, have gone from two twelve-hour shifts to three eight-hour shifts without decrease of pay.

As a concrete example of the result of agitation and education there can be no better illustration than the present widespread sentiment in favor of legal enactments requiring compensation to injured wage earners in lieu of the old employers' liability system. This revulsion of sentiment has been brought about by the National Civic Federation and other organizations within the past five years, fourteen States already having passed workmen's compensation laws.

I am happy to state that a movement is now on foot to make a painstaking inquiry into the progress made during the past fifty years in the directions indicated, with a view not only to discovering the good, but also to ascertaining what social and economic ills remain to be eradicated, and to propose, as far as possible, practical remedies therefor.

It is believed that a movement which will recognize the good and sincerely seek to remedy the wrong would be more effective in accomplishing reform than one designed only to tear down and destroy.

It were well, and with this suggestion I conclude, if at all future gatherings of this great organization some such counting of the milestones passed were to be made a feature. There is good reason for this. There are among our ninety millions of people many who, strange as it may seem, interpret such occasions as this as diagnostic of a body-social sick nigh unto death as the result of neglect. They do not know—and the fault is not wholly theirs—that the patient, far from being in *extremis*, is in better condition than ever before, that what to them is a death chamber consultation is merely an evidence of periodical stock taking in terms of social health and welfare.

THE AVERAGE BOOK

By Edgar G. Alcorn

SOME banks keep a book in which are recorded the average monthly and yearly balances of each of depositors. This book is called the "Average Book" and is kept for the convenience and information of the officers and directors. It is also useful in compiling statistics and in passing upon loans.

The majority of banks do not keep an average book because of the time and labor required. In fact, there is no real demand for it except in large banks. In small banks the cashiers are generally personally acquainted with most of the depositors, and to some extent familiar with their accounts. They keep in pretty close touch with the individual ledger by going through it at regular intervals.

The cashier usually has the ledger within easy reach at directors' meet-

ings, and if any particular information is wanted concerning any of the accounts, the accounts themselves may be easily referred to. It is only occasionally that the average monthly balance of any particular account is desired, and in such case it may be quickly figured or approximated.

In large banks, however, the average book is really indispensable, as it is of much importance and of great advantage to the officers and directors of the bank to always have at hand the average balances of all depositors month by month and year by year. There are, of course, so many accounts that they cannot keep in close touch with the individual ledgers like the country banker. Neither would it be possible for them to consult the ledger or the bookkeeper every time any information was desired concerning a depositor's ac-

work, is simple. You take the balance of each day of the month, add them together, and divide by the actual number of working days in that month. In figuring averages, however, it is not necessary to put down every figure of which the balance is composed, but the balances are entered only in hundreds and thousands—that is a balance of \$5280.50 is entered as \$5200.

To facilitate figuring the average monthly balances some banks keep in connection with the average book the "Depositors' Daily Balance Book," in which are recorded the daily balances of every account. The depositors' names are written in alphabetical order down the left margin, and the book is

ruled across the double page with twenty-seven columns, this being enough for the working days of any month. Only one column is required for each day as overdrafts are not of frequent occurrence and may be entered in red ink. Figures 2 and 3 show the usual ruling of this book.

Many banks object to this book on account of the immense amount of clerical work required. In large banks it requires nearly all the time of one clerk to "operate" the average book and the daily balance book. In most of these banks, however, these books are of great value and there is no doubt that they pay for their "keep."

A PROOF OF THE MORNING'S CLEARINGS

By Charles P. Schumacher

AT half-past nine or no later than ten o'clock in the morning the checks on the various banks in town have already been listed and have been packed off for the clearing-house. By that time probably not many checks have come in over the counter that need to be presented immediately, as we are safe in holding most of them over. Just for the sake of those who deal with us we will still send such checks through the clearings as are of unusually large amounts and such as are drawn by chronic over-drawers.

Outside of the morning's mail, therefore, few checks have come in that need to be presented at once at the paying bank. Few checks other than those sent in by correspondents, therefore, are added to the clearing-house lists which had been already made up on the previous evening from checks cashed and deposited on that day. Consequently the items which are appended to the clearings in the morning, however many they may be, come practically from one source—the morning's letters. In view of this fact, it is

surprising that mistakes are not less common in the morning's work on the clearings. There is no excuse for errors where the lists can so easily be proved.

In verifying the morning's work we need only to take the total of the lists as they stood on the previous evening, and add to it the letter totals after we have made the necessary deductions.

To get the total of the clearing lists as they stood on the previous evening requires no extra work or no more, at least, than the pressing of an adding-machine key. We sum up the clearing-house lists when we strike a balance at the close of the day's work. This amount, then, with which we begin, can be found in yesterday's records. And that is the proper place to find it.

Now, knowing our starting point, it is easy to do the rest. As the mail is opened we run over the checks to see that they have been properly endorsed by the remitting bank; then we distribute them under the heads of the banks that pay them. Next the lists are made up of those on us and of those on our

correspondents. The remaining items belong to the clearing-house batch and are added on their respective lists. Along with them we will also include such checks as have been held in the "cash items" with the expectation that they would soon be good and which have now been guaranteed by the drawee bank.

With this work done we are ready to make up the clearing-house statement, which gives us the grand total of the checks we hold against the other banks. The calculation for ascertaining the

correctness of our work is now a matter of only a few minutes.

Turning to the records of the previous day we get the amount we mentioned before, the total of the clearing-house checks that came in yesterday. To this are added the footings of the morning's letters and the amounts of those cash items that have been guaranteed. Subtracting from this total the checks on us and our correspondents sent in through the mail, we reach an amount which is equal to the total of the clearing-house statement.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

PROMISSORY NOTE

PAROL EVIDENCE—IMPAIRING OBLIGATION OF MAKER—DECEIVING BANK EXAMINER.

Supreme Court of South Carolina, April 23, 1912.

ARTHUR ET AL VS. BROWN.

The maker of a promissory note discounted by a bank placed the letter c after his signature. Held, that when sued upon the note by the bank he could not show that he signed the note conditionally and was not to be bound thereby.

Where a note is discounted by a bank and the proceeds placed to the credit of the maker and drawn out on his check, the maker is liable to the bank, though the transaction was for the benefit of the president and the maker signed the note in reliance upon the promise of the president that he would not be held liable.

THIS was an action by the receivers of the Peoples' Bank of Union, upon a promissory note for \$6,000 made by J. A. Brown to that bank. The sum of \$6,000 was credited to Brown as a deposit made by him and he immediately gave a check to W. H. Sartor or order for the entire amount. Sartor indorsed the check, received credit for it, and afterwards checked it out for

his own purposes. One of the defenses interposed by Brown was that the note was given by him without consideration and entirely for accommodation at the instance of B. F. Arthur, president of the bank, and upon an express agreement of Arthur that he was not to be liable thereon, and that he placed a small letter "c" after his signature to show the condition that he was not to pay.

Woods, J. (Omitting part of the opinion): This case does not call for discussion of the intricate distinctions made in the application of the rule that parol evidence is admissible to alter the terms of written instruments. No authority has been cited, and we think none can be found, which would allow the defendant to do what he has here done, namely, to make in writing a promise to pay, on which the money of a bank was paid out by one of its officers, and then prove by parol evidence that the written promise was no promise, and was to have no force or effect of any kind. Making the letter "c" after the signature does not make the testimony competent. Even if the

word "conditional" had been written out, it might possibly have made competent parol evidence that the defendant's promise was made on some condition to be performed by the bank, that his promise made in the note was conditional, but it would not have made competent evidence that there was never any promise at all to pay, conditional or unconditional.

In *Cline v. Farmers' Oil Mill*, 83 S. C. 204, 65 S. E. 272, it was held that a simple promissory note for \$150 for one bay mare mule cannot be defeated by parol evidence to the effect that that sum was only to be paid in case the maker collected \$50 of one man and \$50 of another, as this evidence would vary the terms of the note. To the same effect is *Cape Fear Lumber Co. v. Evans*, 69 S. C. 93, 48 S. E. 108.

Let it be assumed, however, that the evidence was competent, and that it established beyond controversy that Arthur, the president of the bank, did agree with defendant that he should not be liable on the note. When such evidence is considered in connection with the reason assigned by the defendant for the transaction, it tended rather to fasten responsibility on the defendant than to relieve him of it. On this point defendant testified as to Arthur's statements to him: "He said that Sartor was obliged to have \$6,000, and he intimated that there was more interest for him to have it than Sartor, and Mr. Sartor had to have it, and he went over the whole thing. Said that Mr. Sartor had the security, plenty of security, but under the banking laws, and on account of the examiner, they could not take paper on real estate and loan money on it, and asked me if I would do he and Mr. Sartor that favor and let them use my name; said they would fix the papers and I would have no expense whatever."

Taking this statement of the defendant as true, its effect extends altogether beyond the doctrine of ultra vires. The inquiry is not whether the president of the bank was acting within the apparent scope of his authority

in making the promise that the defendant should not be liable, but whether the president was not proposing a breach of trust to which the defendant assented and in which he undertook to participate.

Stated in its naked verity, the plan proposed by the president and agreed to and carried out by the president, the defendant, and Sartor was that the note should be given in order that the president might use the funds of the bank by making a loan in which he had a personal interest, under the appearance that he had taken the obligation of the defendant when he had not; and that this pretense should be adopted for the purpose of evading a supposed law, and misleading the bank examiner into the belief that the defendant was liable for a loan of the bank's funds, when, in fact, he was not.

Having entered into this scheme, it seems evident beyond argument that the defendant cannot be allowed to say that the apparent liability was not a real liability. The scheme of deception was a manifest breach on the part of the president of the trust reposed in him under the charter, by the stockholders and directors of the bank, in which breach of trust the defendant was a participant with full knowledge.

Attributing to the president the fullest power to manage the credits of the bank as its representatives, the instant he proposed a breach of his trust to the defendant and the defendant knowingly entered into it, the president was stripped of his representative character and of his power to bind the bank.

The president and the defendant, then, stood together in antagonism to the bank, the president's power to bind the bank fell from him, and hence his agreement that the defendant should not be liable was not the agreement of the bank. As between himself and Sartor, and himself and Arthur, the defendant might have been an accommodation maker of the note, but when he entered into the plan imputed by him

to Arthur and signed the note, and had the bank's money placed to his credit, as to the bank, he was a maker of the note for value.

FORGED CHECK

PAYMENT OF—RECOVERY OF MONEY
PAID—LIABILITY OF INDORSER—NE-
GOTIABLE INSTRUMENTS LAW.

Supreme Court of Oklahoma, July 23, 1912
CHEROKEE NATIONAL BANK VS. UNION TRUST
COMPANY.

Where a bank, in good faith and for value, purchases from an indorser a check upon another bank, and thereupon indorses and forwards the same to its collection agency for collection, and the same is presented by the collection agent to the drawee bank, and is paid by the drawee bank, the drawee bank, upon thereafter discovering the check to be a forgery, cannot, by reason of the Negotiable Instruments Law, recover the money back from the bank to which it was paid.

Where a drawee bank pays to a *bona fide* holder a check to which the drawer's name has been forged, it cannot recover the amount of such payment. The warranty which the Negotiable Instruments Law imposes upon an indorser does not apply in favor of the drawee bank when it pays the check.

THIS was an appeal from an order of the trial court sustaining a demurrer to the plaintiff's petition and dismissing its cause of action. The case stated in the petition was this: On January 3, 1910, one C. Caldwell, who was a depositor in the Cherokee National Bank, presented to the Union Trust Company a check for \$225, payable to the order of Oliver Smith, drawn on the Cherokee National Bank. The check was forwarded for collection through the Kansas City correspondent of the trust company and paid by the drawee bank. Afterwards the bank discovered that the signature of the drawee was a forgery, and immediately notified the trust company, and demanded repayment of the money which the trust company had received upon the check. Payment being refused, this action was brought.

HAYES, J.—(Omitting part of the opinion): It will serve no useful pur-

pose to review, in this opinion, the authorities supporting the respective rules, and the reasons that have been given in support thereof; for the question before us now is: Has a drawee, who, without knowledge on its part of the forgery, has paid a check, a right to recover money paid on a depositor's forged check, in the absence of any negligence or fraud on the part of the holder to whom the check was paid?

Section 62 of the act of the Legislature approved March 20, 1909 (Comp. Laws 1909, § 4496), provides: "The acceptor by accepting the instrument engages that he will pay it according to the tenor of his acceptance; and admits: 1. The existence of the drawer, the genuineness of his signature, and his capacity and authority to draw the instrument, and, 2. The existence of the payee and his then capacity to indorse."

The uniform Negotiable Instruments Law has been enacted in Missouri, and constitutes part of the statute law of that State. In *National Bank of Rolla v. First Nat. Bank of Salem*, 141 Mo. App. 719, the facts presented the question now under consideration, including the construction of the statute, above quoted. In the opinion it was said:

"The adoption in this and other States of our negotiable instruments law was for the purpose of having in the statutory laws of the States a uniform law in regard to commercial paper. A confusion was known to exist on many of the everyday transactions concerning such paper, and it may be said that there was no question upon which the courts were more in conflict than upon the question involved in this case. After a careful examination of the new law, we are inclined to believe that it was intended to adopt the law as declared in *Price v. Neal*, supra [referring to *Price v. Neal*, 3 Burr. 1354]." (See, also, *Nat. Bank of Commerce v. Mechanics' American Nat. Bank*, 148 Mo. App. 1.)

In *Title Guaranty and Trust Co. v. Haven*, 126 App. Div. 802, the Supreme Court of that State, in its First

Appellate Division, construing the same statute, said: "A bank which pays a check purporting to be drawn on it by one of its depositors guarantees the existence of the drawer, the genuineness of his signature, and his capacity and authority to draw the instrument, and, where such signature is forged, cannot recover back the amount from the person to whom it was paid, although the position of the parties to such person has not changed in any respect."

This case was, on appeal, reversed by the Court of Appeals, and it was held that the foregoing statute did not apply in the case; but the construction of the statute was approved. (*Title Guaranty and Trust Co. v. Haven*, 196 N. Y. 487.)

Referring to the Negotiable Instruments Law, the Supreme Court of Oregon, in which State the law has also been enacted, in the recent case of *Lumbermen's Nat. Bank of Portland v. Campbell*, 121 Pac. 427, said:

"The act from which these excerpts are taken was designed to harmonize the decisions of courts of last resort in respect to commercial paper, and to give to negotiable instruments a degree of certainty that would be universal in its application in the States enacting the law."

That the foregoing excerpt states the chief purpose of the Negotiable Instruments Law is familiar knowledge to the courts and to the bar. Of course, it is fundamental that the court of no State in which the law is enacted is bound by the construction of the statute by the courts of other States; but courts, with full knowledge of the history of this legislation, and knowing that its chief purpose is as stated above, should, we think, upon all questions of construction, where the rule adopted by other States is not plainly erroneous, be disposed to follow the construction given to the act by the courts of the State in which the act has heretofore been adopted and construed; and particularly should this be true where the statute involves a

question upon which the authorities, independent of a statute, are so greatly divided as they are upon the question presented in the case at bar, for by no other course may uniformity be obtained; and, if the statute, thus construed, works a hardship in any locality, it may be corrected by legislation.

Other cases construing this statute, in harmony with the foregoing decisions from New York and Missouri, are: "*First National Bank v. Bank of Cottage Grove*, 59 Or. 388; *Farmers' & Merchants' Bank v. Bank of Rutherford*, 115 Tenn. 64; *Times Square Automobile Co. v. Rutherford Nat. Bank* (N. J.) 73 Atl. 479.

Dean Ames, in an article in 14 *Harvard Law Review*, 442, commenting upon the effect of the different provisions of the Negotiable Instruments Law, said of the section now under consideration:

"Since an acceptor, by section 62, engages to pay the bill 'according to the tenor of his acceptance,' he must pay to the innocent payee or subsequent holder the amount called for by the bill at the time he accepted, even though larger than the original amount ordered by the drawer. A bank certifying a raised check is in the same case, since Sect. 87 assimilates a certification to an acceptance. If the acceptor or certifying bank must honor his acceptance or certification in such a case, *a fortiori*, a drawee who pays a raised bill or check, without acceptance or certification, should not recover the money paid from an innocent holder. These results are at variance with numerous American decisions, but they are changes for the better."

Under the rule of these authorities, had plaintiff merely accepted the bill drawn upon it, it could not be heard thereafter to deny that the signature of the drawer was genuine, but it would have been held bound upon its promise to pay the check, and to pay it in accordance with the tenor thereof; so, by paying the check, plaintiff is bound to the same effect, for payment is more

than acceptance, in that it discharges the indebtedness represented by the check after it is accepted. (*Bank v. Bank*, 109 Mo. App. 665; *First Nat. Bank v. Bank of Cottage Grove*, supra.)

Nor can plaintiff recover by reason of the indorsement upon the check: "Pay National Bank of Commerce; previous indorsements guaranteed; Kansas City, Mo., Union Trust Company, Tulsa, Oklahoma"—for the guaranty applies only to the indorser, and does not protect the drawee against the risk of cashing the check to which the maker's name is forged. (*National Bank of Rolla v. First National Bank of Salem*, supra.) Nor can defendant be held as an indorser upon the check, because by section 188 of the act of the Legislature approved March 20, 1909 (section 4622, Comp. Laws 1909), it is provided: "Where the holder of a check procures it to be accepted or certified the drawer and all indorsers are discharged from liability thereon." (See authorities cited on first point in this opinion.)

It follows from the foregoing views that the judgment of the trial court should be affirmed.

NEGOTIABLE INSTRUMENTS LAW

ACCOMMODATION MAKER—EXTENSION OF TIME.

Supreme Court of Oregon, July 16, 1912.

MURPHY VS. PANTER ET AL.

Under the Negotiable Instruments Law an accommodation maker is not discharged by an extension of time given without his consent to the party accommodated.

THIS was an action upon three promissory notes signed by Wilian Panter and others as makers. Panter defended upon the ground that the note had been signed by him without consideration, as an accommodation maker, and that the time on the payment of the note was extended by the payees without his consent.

BEAN, J.—(Omitting part of the

opinion): The Negotiable Instruments Law defines what constitutes an accommodation maker, and specifies how negotiable instruments may be discharged. Section 5862, L. O. L., is as follows:

"An accommodation party is one who has signed the instrument as maker, drawer, acceptor, or indorser, without receiving value therefor, and for the purpose of lending his name to some other person. Such a person is liable on the instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party."

It is settled that, under the Negotiable Instruments Law, the accommodation maker is primarily liable as a principal debtor, notwithstanding an indulgence given to the indorser or drawer for whose benefit he became a party to the instrument. (Sections 5952, 5953, 6023, L. O. L.; *Lumbermen's Nat. Bank of Portland v. Campbell*, 121 Pac. 427; *Cellers v. Meachem*, 49 Or. 186.

SUITS

WHEN BANK MAY BRING—AUTHORITY—LETTER OF HYPOTHECATION.

Supreme Court of Washington, May 14, 1912.

CANADIAN BANK OF COMMERCE VS. JOHN J. SESNON CO. ET AL.

Where a promissory note is deposited with a bank together with a letter of hypothecation, by which the bank is authorized to realize on the securities deposited and to deal with them as it may see fit, the bank has authority to bring suit on the note.

THIS action was brought by the Canadian Bank of Commerce against the John J. Sesnon Company, and the J. S. Kimball Company to recover upon a promissory note made and delivered by the Sesnon Company to the Kimball Company, and by the latter company indorsed and delivered to the bank.

The Kimball Company, at the time

the note was indorsed to the bank, had an open current account with the bank on which it was indebted in a sum exceeding the face value of the note; and that to secure such indebtedness it had from time to time deposited with the bank certain collaterals under a general letter of hypothecation, by the terms of which all such collaterals were to be held by the bank "as a general and continuing collateral security for payment of the present and future indebtedness and liability" of the company to the bank, "and any ultimate unpaid balance thereof," with power on the part of the bank to realize upon them in such manner as might seem to the bank advisable. The note in question was deposited as a part of such collateral, and was held by the bank as such at the time it was sued upon in the present action.

FULLERTON, J.—(Omitting part of the opinion): We will first notice the contention that terms of the general letter of hypothecation, under which the note in suit was pledged, do not authorize the bank to sue thereon. While there is no special clause in the letter authorizing a suit or action upon a note held as collateral under it, we think the general terms used are broad

enough for that purpose. The letter provides:

"The said securities, and any renewals thereof and substitutions therefor and proceeds thereof, are to be held by the Canadian Bank of Commerce as a general and continuing collateral security for a payment of the present and future indebtedness and liability of the undersigned, and any ultimate unpaid balance thereof, and the same may be realized by the bank in such manner as may seem to it advisable, and without notice to the undersigned in the event of any default in such payment. The said proceeds may be held in lieu of what is realized, and may as and when the bank thinks fit be appropriated on account of such parts of said indebtedness and liability as to the bank seems best. The bank may grant extensions, take and give up securities, accept compositions, grant releases and discharges, and otherwise deal with the undersigned and with other parties and securities as the bank may see fit, without prejudice to the liability of the undersigned."

Authority to realize on the securities deposited, and to deal with them as the bank may see fit, is authority to bring suits and actions thereon.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

BANK STOCK—LOAN BY NATIONAL BANK ON SECURITY OF STOCK

ATLANTA, GA., Sept. 24, 1912.

Editor Bankers Magazine:

SIR: Please be so kind as to refer me to volume and page in which I can find the question discussed of a national bank making loans on its own stock. So far as I can see, it is a well-settled fact that the maker of the note cannot take any advantage of the fact that it was an ultra vires act on the part of the bank; but it does not seem to be settled that a creditor of the stockholder and borrower cannot gain some advantage over the bank. I would be glad if you would refer me to some decision, especially as to the latter point. In the case of the

First National Bank vs. Stewart (107 U. S.) the judge in delivering the opinion seems to suggest an advantage that could be gained by the creditor. I have seen a decision, but cannot now locate it, where the trustee in bankruptcy tried to defeat a loan by a national bank on real estate, but in this case, as I remember it, the court held that it was a matter that no one could take advantage of, it being solely a violation of the law subject to criticism by the Comptroller.

CASHIER.

Answer: A full discussion of the subject will be found in the opinions of the Supreme Court of the United States and the Court of Appeals of New York in *Third Nat. Bank of Buffalo vs. Buffalo German Insurance*

Co. (193 U. S. 584; 162 N. Y. 163), where all the previous decisions are reviewed and explained. In that case one Levi, who had previously borrowed money of the bank upon his note secured by collaterals, obtained a further loan; and in a conversation between the president and Levi, when the last loan was made, it was understood that all of Levi's stock in the bank should be considered as additional security for his entire loan. The certificates, however, remained in Levi's possession, and a few months afterwards he delivered them to the Buffalo German Insurance Company as security for a loan of \$25,000. This loan not being paid, the insurance company sold the stock at public auction and bid it in. When the certificates were presented to the bank for transfer, it refused to transfer the same because of Levi's indebtedness to it, the certificates containing a provision as follows: "No transfer of the stock of this association shall be made without the consent of the board of directors, by any stockholder who shall be liable to the association either as principal debtor or otherwise, which liability shall be a lien upon the said stock and all profits thereof and dividends." The Insurance Company then brought the action to compel such transfer. The Supreme Court of the United States, affirming the Court of Appeals of New York, held that the by-law being wholly void, the bank had no lien upon the stock and that notwithstanding the by-law and the provision in the certificate, the insurance company was entitled to have the stock transferred.

PRESENTMENT—INSOLVENT MAKER

BUFFALO, N. Y., Sept. 24, 1912.

Editor Bankers Magazine:

SIR: A makes a note which is indorsed by B, and discounted by this bank. A has since become a bankrupt. Is it necessary to present the note to him in order to hold B as indorser?

J. A. C.

Answer: It is well settled that the

insolvency of the maker of a note does not dispense with presentment to him, and a failure to present in such a case would have the same effect as in others. (Jackson vs. Richards, 2 Caines [N. Y.] 343; Reincke vs. Wright, 93 Wis. 368; Bensonhurst vs. Wilby, 45 Ohio St. 340.)

REFERENCES—MISSTATEMENT— LIABILITY OF BANK

Editor Bankers Magazine:

SIR: A, who is a customer of the Bank of X, applies to the cashier of that bank for a letter of reference to the National Bank of H in another place. The cashier writes a letter commending A as a business man of responsibility, who has always paid his obligations to the bank. It turns out that the cashier's statement was incorrect, and that A had not always met his obligations promptly, but had often had overdue paper in the bank. Under such circumstances would the Bank of X be liable if the bank to which the reference was given should sustain any loss through it?

PRESIDENT.

Answer: It has been decided that a bank may be held liable for damages for a false representation made by its cashier as to the credit of a customer seeking credit at another bank. Nevada Bank of San Francisco vs. Portland National Bank, 59 Fed. Rep. 338.

NATIONAL BANK NOTES—OBLI- GATION OF UNITED STATES —STATUTORY DEFINITION

NEW YORK, Sept. 15, 1912.

Editor Bankers Magazine:

SIR: To settle a dispute, will you kindly state whether the circulating notes of a national bank are "obligations of the United States."

PRIVATE BANKER.

Answer: Yes. The statute provides: "The words 'obligation or other security of the United States' shall be held to mean all bonds, certificates of indebtedness, national bank currency, coupons, United States notes, Treasury notes, fractional notes, certificates of deposit, bills, checks or drafts for money, drawn by or upon authorized

officers of the United States, stamps and other representatives of value, of whatever denomination, which have been or may be issued under any act of Congress." (Rev. Stat. U. S. Sec. 5413.) National bank notes are included in such "obligations" because the United States is contingently liable for their redemption, having a lien upon the assets of the bank for reimbursement.

POLITICAL CONTRIBUTIONS — NATIONAL BANK—FEDERAL STATUTE

CLEVELAND, OHIO, Sept. 27, 1912.

Editor Bankers Magazine:

SIR: Please inform me whether it would be lawful for the directors of a national bank to contribute a small sum out of the funds of the bank to aid the election of a candidate for Congress. In the case I have in mind the man is peculiarly well equipped to discuss financial questions, and his extensive knowledge of the subject would be of great advantage on the floor of the House of Representatives.

STOCKHOLDER.

Answer: Such a use of any part of the funds would be illegal. The Act of January 26, 1907, provides as follows: "That it shall be unlawful for any national bank, or any corporation organized by authority of any laws of Congress, to make a money contribution in connection with any election to any political office. It shall also be unlawful for any corporation whatever to make a money contribution in connection with an election at which Presidential and Vice-Presidential electors or a Representative in Congress is to be voted for or any election by any State legislature of a United States Senator. Every corporation which shall make any contribution in violation of the foregoing provisions shall be subject to a fine not exceeding five thousand dollars, and every officer or director of any corporation who shall consent to any contribution by the corporation in violation of the foregoing provisions shall upon conviction be punished by a fine of not exceeding one thousand and not less than

two hundred and fifty dollars, or by imprisonment for a term of not more than one year, or both such fine and imprisonment in the discretion of the court."

CERTIFICATION — NATIONAL BANK — MONEY NOT ON DEPOSIT

PROVIDENCE, R. I., Sept. 20, 1912.

Editor Bankers Magazine:

SIR: The National Bank Act forbids certification unless the person drawing the check has on deposit the amount named in the check. Now, suppose a check is certified when the drawer has no funds on deposit, does that fact make the certification void?

TELLER.

Answer: No. The bank will be liable upon the certification notwithstanding it is made in violation of the statute. (Thompson vs. St. Nicholas Nat. Bank, 146 U. S. 240; 113 N. Y. 325.) In that case the court said: "It will be seen that the statute affirms the legality of the contract of certification, and expressly prescribes the consequences which shall follow its violation. It therefore appears that, so far from making the contract of certification void and illegal, its validity is expressly affirmed, and the consequences which follow a violation are specially defined, and impliedly limit the penalty incurred to a forfeiture of the bank's charter, and the winding up of its affairs. There is a clear implication from this provision that no other consequences are intended to follow a violation of the statute."

ACCEPTANCE — TIME ALLOWED FOR — DUTY OF BANK

..... PA., Sept. 23, 1912.

Editor Bankers Magazine:

SIR: We receive a draft drawn on a merchant of this place, payable ten days after sight. When the draft is presented to A, he says that he will notify us next day whether he will accept or not. Would we be justified in holding the draft until then, or should we protest it on the day it was presented?

A. B.

Answer: The Negotiable Instruments Law (which in this respect has made no change in the former law) provides that "the drawee is allowed twenty-four hours after presentment in which to decide whether or not he will accept the bill." (Sec. 136. Pa. Act.) In the case stated in the inquiry, therefore, A was acting within his rights, and the paper could not properly be protested for non-acceptance on the day of presentment.

rives in Kansas City in the course of about a week, and on the day of his arrival here, deposits the check in his own bank. The check is then sent via Leavenworth, but before it reaches the bank on which it is drawn, that bank closes its doors. Under these circumstances, was the check presented in good time?

VICE-PRESIDENT.

Answer: In a case of this character, the time of presentment for payment is not of importance. If B had not had the check certified, then this question would have arisen. But the Negotiable Instruments Law provides that "Where the holder procures the check to be accepted or certified, the drawer and all indorsers are discharged from liability thereon." (Sec. 195, Kansas Act.) The reason for this rule is that the bank when it certifies a check charges it up to the depositor, and as he thus loses control of the fund, it would be unjust that it should be left in the bank at his risk and he continue liable upon the check. Bank vs. Carter, 88 Tenn. 279.

CERTIFICATION — EFFECT OF — DISCHARGE OF DRAWER — DELAY IN COLLECTING

KANSAS CITY, Mo., Sept. 12, 1912.

Editor Bankers Magazine:

SIR: A gives B a check for \$4,960 in payment for some cattle. The check is drawn on a firm of bankers in the town where the transaction took place. B lives in Kansas City, where he keeps his bank account, and instead of cashing the check, he has the bankers certify it, intending to deposit it in his own bank upon reaching home. He ar-

TRUST COMPANY SECTION OF THE AMERICAN BANKERS' ASSOCIATION

THE meeting of the Trust Company Section of the American Bankers' Association at Detroit during the week of September 9, in connection with the convention of the association, was largely attended and characterized by many notable and interesting addresses. A striking illustration of the growth of trust companies in the United States was given in the annual address of President F. H. Fries, who said, in part:

"If the trust company, as an institution, is a natural result of our business and financial development as we believe it is, this great prosperity must have affected the growth of trust companies and be quite apparent in the growth of the trust company section. There was no statement made at the first meeting

as to the number of trust companies then in existence, but their total capital and surplus was stated as \$224,606,000.00 with assets amounting to \$405,516,714.22. To-day the trust companies of the United States number over 1800, with resources aggregating \$5,500,000,000. The membership of the section has grown during this time from 120 to 1250 and their resources from four hundred million to four and one-half billion dollars. Thus while the population of this country has grown thirty-three per cent., and the business one hundred per cent., the trust companies of the section have increased in number and resources about one thousand per cent.

"The Comptroller's report of 1911 shows the relative growth of National

Banks, Savings Banks and Trust Companies since 1907. We note their individual deposits as follows:

such recognized authorities shows that there is still great laxity in the use of the name.

	National Banks.	Savings Banks.	Trust Companies.	Total in all Banks.
1911	\$5,478,000,000	\$4,212,600,000	\$3,295,800,000	\$15,906,300,000
1907	4,322,900,000	2,495,410,000	2,061,600,000	13,099,600,000
	<u>\$1,155,100,000</u>	<u>\$717,190,000</u>	<u>\$1,234,200,000</u>	<u>\$2,806,700,000</u>
Increase	21 per cent.	23 per cent.	60 per cent.	44 per cent.

"A perusal of these figures must be a source of pride to those interested in the development of the trust company idea and a satisfaction to all who are engaged in trust company business."

Breckinridge Jones, president of the Mississippi Valley Trust Company, St. Louis, spoke on "The Achievements of the Trust Company Section During the Past Fifteen Years." He said, in part:

"The following table giving figures compiled for the National Monetary Commission from 1879, the first year for which it seems to have been able to get anything definite, to and including 1909, and giving the figures taken from the last report of the Comptroller of the Currency of the United States, shows the comparative development of classes of financial institutions:

	1879	1884	1889	1894	1899	1904	1909	1911
National banks	2048	2625	3239	3770	3583	5331	6883	7331
State banks	813	1017	2097	3705	4253	6984	11,292	12,864
Trust companies	37	44	63	228	276	924	1079	1251

"At that first meeting, fifteen years ago, of the 228 real trust companies 114 became members of this section. The growth of the section is shown by the following table:

"From this it is to be noted that thirty-three years ago, while there were 2048 National banks and 813 State banks, there were in this country, or in fact in the world, only thirty-seven

Membership by years, since formation of the Section in 1896 with Seventeen Members:

1897—114; 1898—150; 1899—190; 1900—253; 1901—348; 1902—414; 1903—501;
1904—566; 1905—638; 1906—718; 1907—846; 1908—931; 1909—981; 1910—1007;
1911—1137; 1912—1206.

"According to the last report of the Comptroller of the Currency of the United States, there were 1251 trust companies. From these figures, it would seem that nearly all the trust companies of the United States are members of this section. However, according to the annual volume entitled, 'Trust Companies of the United States,' published by the United States Mortgage & Trust Company of New York on June 30, 1911, there were 1616 companies claimed as trust companies in this country; but even taking these figures it shows that the growth of the section has kept full pace with the growth of the country. This marked difference in number, as given by two

trust companies. In 1894, seventeen years ago, there were 3770 National banks and 3705 State banks and only 228 trust companies. From that time to the end of 1911, during the period of the existence of this section, there has been an increase in National banks of 3561, or ninety-four per cent.; in State banks of 9159, or 247 per cent., and in trust companies an increase of 1023, or 448 per cent. The ratio of increase in trust companies has been far greater than in either of the other two kinds of financial institutions, and this while not only the laws governing them, but the ideas concerning them, have been in uncrystallized form. Whether this increase has been because

of or in spite of this want of crystallization, furnishes an interesting inquiry."

At the closing session W. C. Poillon,



W. C. POILLON

VICE-PRESIDENT BANKERS' TRUST COMPANY, NEW YORK; ELECTED PRESIDENT OF THE TRUST COMPANY SECTION AT THE RECENT CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION

vice-president of the Bankers' Trust Company of New York, was elected president of the section, and F. H. Goff, president Cleveland Trust Company, first vice-president.

KEEPING TRUST FUNDS INTACT

IN his interesting address before the recent meeting of the Trust Company Section of the American Bankers' Association at Detroit, Breckinridge Jones, president of the Mississippi Valley Trust Company of St. Louis, said, on the above subject:

"There is no reason that there should

ever be any loss to trust funds coming into the charge of a trust company. It is a principle of law that when a trust fund can be traced, it will be held intact for the beneficiary of the trust, and the trust department of every trust company should consider this principle of paramount importance. There should be a separate vault set aside, in which trust securities should be placed. Each trust estate should be kept entirely separate and its securities so marked as to be easily distinguished from all others; and in addition to this, a security register or some other written record, should always be kept up to date, itemizing the securities that belong to each trust estate. By some such method, trust companies would be so guarded that in the event of such a calamity as closing the doors, there would be absolutely no question as to whether or not trust funds were a part of the general assets."

MORTGAGE BANKS NEEDED

ADVANTAGES to be derived from a system of American mortgage banks are thus set forth by George Woodruff, president of the First National Bank of Joliet, Ill.:

In America some system of mortgage banks is badly needed in order that the present haphazard, unsatisfactory and wasteful methods may be done away with. The establishment of mortgage banks will make it possible for the investor to purchase a much higher grade mortgage security than he at present buys from his local real estate agent, for the security which he will buy in the future will be a bond readily salable at any time, guaranteed by the mortgage bank, and based upon a large number of mortgages.

The establishment of mortgage banks will also make it possible for the farmer to know that he always has an institution ready to advance him money without delay on the long time amortization principle and that he will get as good a rate of interest as anybody else, will never be compelled to pay renewal commissions or fees for the bringing down of his abstract or the many legal charges that are now made in connection with frequent renewals.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

SAVINGS BANK SECTION AMERICAN BANKERS' ASSOCIATION

GREAT interest was shown at the meeting of the Savings Bank Section of the American Bankers' Association, coincident with the recent

ings deposits and other live subjects were also discussed. E. G. McWilliam, secretary, presented the following report:

The first five months of our year, namely, from September, 1911, to February, 1912, the secretary's office was still under the very efficient management of my predecessor, William H. Kniffin, Jr., who resigned upon February 1 to again take up the reins of bank management as treasurer of the Onondaga County Savings Bank of Syracuse, N. Y. I desire to publicly express my admiration of Mr. Kniffin's personal worth and the ability with which he administered the affairs of this office, and can only hope that in time I may merit, in a measure, some



ROME C. STEPHENSON

VICE-PRESIDENT ST. JOSEPH COMPANY SAVINGS BANK, SOUTH BEND, IND.; ELECTED PRESIDENT SAVINGS BANK SECTION AT THE RECENT CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION

convention at Detroit. Besides the annual address of President Alfred L. Aiken, other important addresses were made on "The Postal Savings Banks," by Mr. Weed of the Postoffice Department, by Mr. Chamberlain of San Antonio on "European Land and Credit Facilities." An extract from the latter address appears in another part of this issue. Segregation of sav-



J. F. SARTORI

VICE-PRESIDENT SAVINGS BANK SECTION, AMERICAN BANKERS' ASSOCIATION; PRESIDENT SECURITY TRUST AND SAVINGS BANK, LOS ANGELES, CAL.



E. G. McWILLIAM
 SECRETARY SAVINGS BANK SECTION, AMERICAN
 BANKERS' ASSOCIATION.

of the expressions of appreciation which have been uttered in reference to his work.

During these five months the constructive policy of this office was assiduously carried forward, school savings banks, especially, fostered, and the matter prepared for a pamphlet entitled, "Some Savings Bank Swindles and Suggested Safeguards."

From February 1, when I was appointed to this office, to June 1 of this year, I was enabled to give but a portion of each day to the work, being still connected with a savings bank in New York city. However, during that period we issued the "Swindles" pamphlet, which had been prepared by Mr. Kniffin; a pamphlet upon "Finger Print Identification," which I found necessary to prepare in order to reply to the many inquiries received relative to this method, which has up to this time been adopted by about fifty banks, and a pamphlet upon the "Ethics of the Savings Banks," by William E. Knox of the Bowery Savings Bank, New York city. Also efforts were made toward increasing our membership by preparing circular letters for a number of our vice-presidents, who sent them throughout their respective States. These letters, besides bringing members to the Section, were of considerable value in bringing members into the American Bankers' Association at large, as in States where there are few savings

banks, all banks were circularized with good results. Also during this period we were enabled to be of assistance to the Standing Law Committee in their efforts to secure information relative to the question of the segregation of savings deposits, by sending out for them circulars to all banks, and receiving and tabulating replies thereto, besides handling our daily correspondence, which was large.

As you have already been informed, the executive committee at the May meeting, having decided that the work of the secretary's office demanded one's whole attention, on June 1 I severed my bank connection and since that date have devoted my entire effort to this work. During the period of moving and alteration, incident to the occupation of our new offices in May, there, of course, was more or less confusion, but, thanks to our very efficient office assistant, Miss Waine, the routine was not seriously affected, and we were speedily settled and systematized according to our new surroundings. Our clipping service, from which often many duplicates were received, was temporarily discontinued, and has been arranged to cover only the matters perti-



WILLIAM E. KNOX
 OF THE BOWERY SAVINGS BANK, NEW YORK;
 ELECTED CHAIRMAN EXECUTIVE COUNCIL
 SAVINGS BANK SECTION AT THE RECENT CON-
 VENTION OF THE AMERICAN BANKERS' ASSO-
 CIATION.

ent to savings banks, and will be classified and indexed by the librarian, thereby being instantly available, all of which will result in a material saving of expense. The services of an office boy were dispensed with as superfluous, and no printing or other work is done without competitive bids. This year each Section will publish its own convention proceedings, which in our case will result in a saving of at least \$1,000.

Since June 1 our most important work has been that in connection with the campaign of education, and we trust you will receive its impetus at this convention. Besides which the booklet, "What It Can Do for You," has been issued, and the New York State bankers' convention at Buffalo visited, at which Mr. Knox delivered an address reflecting great credit upon our Section. All of the savings banks in Buffalo were called upon by me while there.

Our membership is now 2,060, and shows a gain of 172 during the year.

Our financial statement shows that total appropriations made by the general association for our work amounted to \$9,500 and that our expenses were \$9,343.23, leaving a credit with the association of \$156.27. However, of these expenditures, \$1,134.50 were last year's, charged against this year's appropriations.

We have at present on deposit with banks \$2,024.29. I might say that this is the only Section which is permitted to handle its own

money. This money has arisen, as I said here, which represents the proceeds for sale of books of printed forms to date.

We are constantly endeavoring to promote co-operation between individual banks in communities, as well as our Section, and the measure of success with which we are succeeding is evidenced by the ever increasing amount of mail received, through which we are taken into the confidence of banks upon almost every conceivable question not relating to policy, and are therefore able to be of real service in many instances.

This is our aim—to be your servant and play some small part in securing the co-operation of you who are the strength of your respective communities, in fortifying our great country with principles of saving and thrift.

Officers of the section were elected as follows:

President, R. C. Stephenson, vice-president St. Joseph County Savings Bank, South Bend, Indiana; vice-president, J. F. Sartori, president Security Savings Bank, Los Angeles, California. Three members of executive committee, to serve three years; W. G. Toepel, cashier Peninsular State Bank, Detroit, Michigan; Clinton T. Rose, president Onondaga County Savings Bank, Syracuse, New York; H. S. Cable, president Rock Island Savings Bank, Rock Island, Illinois.

SYNDOWSKY'S SAVINGS

NEWSPAPER stories sometimes contain instructive material for savings bank men. Here is one of this kind from a recent issue of the New York "Evening World":

Max Syndowsky got on a Culver train at Washington avenue station, late yesterday afternoon. While he was trying to push his way through the jam at the door of the car a pickpocket dipped his hand into Syndowsky's pocket and took a wallet containing \$6,373. The thief got away and with him went the savings of thirty years of Syndowsky's toil. Syndowsky, at his home, 32 Moore street, Williamsburg, is nearly insane with grief and his wife and children are watching him closely, lest he make away with himself.

A few years ago, Syndowsky sold a little country store, came to Williamsburg and put all of his savings into the purchase of the five-story tenement on Moore street. On August 15 he sold the tenement to Jacob Schiff, a cousin of the Wall street banker. Schiff took up a mortgage and gave Syndowsky \$6,500 cash.

Syndowsky had once lost some money through the failure of a savings bank and was consequently possessed of a rooted abhorrence of all banks. So, despite the urgings of his wife and children, he refused to put his wealth in a bank. Instead, he kept it in a little safe in his apartment at night and in the day time he carried it about in his wallet. Everybody was trying to rob him, Syndowsky insisted, but nobody could get his money if he had it snugly in his pocket.

On the car Syndowsky set up a great cry that he had been robbed, but nobody, so he declared to-day, would do aught but laugh, and nobody made a move to stop the thief. When he went to the Parkville station, so he says, he had to wait two hours until a detective came to go out with him to search the platform of the elevated station.

All of which doubtless sounds very amusing to the knowing ones who pity Syndowsky's ignorance of the many safe savings banks in New York city where this event happened.

But what do these same savings

banks do to let Syndowsky know even of their existence, much less of the strict legal safeguards thrown around them?

Why, this is what they do: At two semi-annual periods they publish a few announcements in the papers something like this:

"The Mossback Savings Bank has declared a semi-annual dividend at the rate of four per cent. per annum. Deposits made on or before January 10 will draw interest from the first of the month."

That is all. And then for six months the Mossback Savings Bank quiescently slumbers, when at the end of this period it solemnly repeats this illuminating and thrilling announce-

ment, never varying a word or a syllable, never dotting an "i" or crossing a "t."

And Syndowsky goes on losing his money, because no one tells him in clear, plain language—warm with the human impulse—that there are in New York many, many really safe savings banks that would take care of his money and return it to him whenever he wanted it, with interest.

And Syndowsky and hundreds of others like him who distrust banks will go on losing their money because they do not trust banks. And neither the banks nor anyone else will take pains to explain to him about the safe places for his money.

METHODS OF HANDLING DEPOSITS AND WITHDRAWALS IN BANKS OF VARYING SIZE

By V. A. Lersner, Chairman Committee on Methods and Systems, Savings Bank Section, American Bankers' Association; Assistant Cashier Williamsburgh Savings Bank, Brooklyn N. Y.

IN presenting a brief description of the method of handling daily transactions in various savings banks, we have chosen the following, not as being applicable or preferable to systems now employed in banks of similar size, for we feel that each bank knows better than others what is best adapted to its special needs, but with the idea of showing how savings bank depositors are handled in banks of varying size, from the largest in a great city to the small bank in a country town, trusting that our members will find something of interest and possible value therein.

PHILADELPHIA SAVING FUND SOCIETY, PHILADELPHIA, PA.

Deposits	\$108,000,000
Number open accounts.....	277,500
Average daily transactions.....	2,026

Deposits.—Initial deposit slip (of a different color from ordinary deposit slips), signature card, passbook, index card and ledger card all have number printed thereon. New account slip has perforated stub numbered in duplicate, which is handed by teller to depositor, who hands it to a register clerk, who takes signature upon a correspondingly numbered card. Name is then

typewritten in book and on deposit slip by carbon paper, and amount entered in book. Amount is then listed upon adding machine, which serves as new account teller's cash book and is verified on another machine from original slips. Index cards are typewritten from signature cards, as are also headings of ledger cards, the latter proven by bookkeeper, who posts from deposit slips.

Subsequent deposits are made with regular receiving teller, who enters amount upon slip and passes same with passbook to assistant to be entered therein. Book and slip then pass to clerk, who makes a duplicate slip of still another color, with day of week printed at top, entering thereon number and initials of depositor, omitting amount, but listing same upon machine, using said list for a cash book. Book and original slip then pass to a clerk, who enters number and name upon latter, verifies entry in former by depositor, and returns book.

Fifty listings of machine constitute a column of cash book, and that number of slips which are machine numbered and dated by teller are collected and verified upon a second machine; they are then distributed to bookkeepers, who post therefrom and list amount for each ledger. Postings and veri-

fications are assigned daily by head bookkeeper, no bookkeeper having same ledgers two days in succession. Verifications are made by taking postings from ledger upon duplicate slips, listing same and handing to head bookkeeper, who has previously listed original slips. Total deposits are then checked off from receiving teller's cash book and settlement.

Withdrawals.—Two weeks' notice is required for all withdrawals. Notice is taken on receipt with carbon for duplicate. Receipts with perforated duplicate are printed consecutively in amounts from one dollar to six hundred dollars, and thereafter in hundreds to one thousand dollars. When all the money is wanted, the book is kept for settlement, and a card bearing the number and date when due, is given the depositor. After a receipt is signed, the amount is entered in the passbook, the duplicate placed in a locked receptacle, and the depositor takes the book and the receipt to the paying teller. The latter compares the entry with the receipt, pays the money and gives the receipt to a listing clerk in a separate cage. They are verified on another machine outside the department, and handed to the accountant, who holds the key for the duplicates; both are arranged numerically for the bookkeepers and pursue the same course as deposits.

BOWERY SAVINGS BANK, NEW YORK, N. Y.

Deposits	\$101,000,000
Number open accounts.....	145,000
Average daily transactions.....	1,038

Deposits.—Deposits are taken by receiving teller, the depositor being required to present passbook with same. The teller enters the amount in passbook and also makes out deposit slip, giving book number, name and amount deposited. He then hands the passbook with deposit slip to deposit cash book clerk, who enters number, name and amount therein. This desk adjoins the teller's cage, and the depositor in the meantime having passed along to the deposit cash book clerk's window, responds to the call of his name, and is asked by the clerk the amount of deposit made, which the clerk verifies both as to passbook entry and cash book entry before handing passbook back to depositor. The deposit slip then passes to the classification clerk, who has an indexed portfolio containing one sheet for each ledger in use. He enters on the sheet for the ledger indicated by the number on the ticket, the number, name and amount (the amount being entered on a detachable portion). The deposit tickets are later posted by bookkeeper, who at time of making entry places at the folio a black card marker. At the close of the day's business the total of the day's sheets must prove by cash book and teller. The perforated portions are then detached and turned over to the head bookkeeper, and the larger portions, con-

taining the account numbers and names of depositors, go to a bookkeeper who has not made ledger posting, and who, guided by the black card markers in ledger, verifies the account number and depositor's name and enters the amount he finds posted in ledger to said account. Having found and entered amounts for each of the items called for on his sheet, and having examined his ledger to see that in doing so he has cleared his ledger of all black card markers, he foots the sheet and enters the total on summary sheet at head bookkeeper's desk. The total of the summary sheet must prove to the total of the day's deposits. The detached portions bearing the original entries of amounts are used by head bookkeeper to locate any difference in case of failure to prove.

New accounts are handled in exactly the same manner in a separate department requiring a teller and cash book clerk. Signatures are taken in signature book and upon signature card, and description upon card only.

Withdrawals.—The draft and passbook are taken from depositor by draft clerk, who puts the test questions to the depositor and verifies the signature on draft. The passbook and draft then go to the bookkeeper, who enters any interest credited since passbook was last in bank, proves the passbook with the ledger account, and enters the draft both in passbook and ledger, placing a red card marker in folio of ledger when entry has been made. The passbook and draft then go to draft cash book clerk, then to draft classification clerk, and then to paying teller, who makes the payment, returning passbook to depositor and retaining the draft for his voucher. The operation of checking withdrawals is exactly the same as described for the deposits.

WILLIAMSBURG SAVINGS BANK, BROOKLYN, N. Y.

Deposits	\$58,000,000
Number open accounts.....	102,000
Average daily transactions.....	730

New Accounts.—Desk operated by teller and assistant. Teller receives amount, noting same on deposit slip and signature card, also takes signature and description of depositor in signature book. Assistant simultaneously writes description on card, then enters name and amount in passbook from card, records same items upon journal sheet, asks depositor amount of transaction and delivers book. Cash balanced at end of day with total of journal sheet after deposit slips have been called back.

Deposits.—First to receiving teller, who receives money and passbook, notes amount on slip, together with surname on book, then passes both slip and book to assistant, who spindles slip, enters amount in book and on a listing slip and passes book to journal clerk, who enters number of account, sur-

name and amount on a sheet corresponding to ledger number of passbook, asks depositor amount deposited and delivers book. Cash balanced at end of day with totals of assistant teller's listing slip and aggregate of totals of journal sheets, which must agree.

Withdrawals.—Passbook is presented to draft clerk, who makes out draft for desired amount, secures signature, enters amount in book, verifies balance, initialing amount as O. K., and passes draft and book to test clerk, who verifies signature, initialing same and passes both to journal clerk, who operates as in receiving teller's department, making entries from the book, and then passing the draft and book to paying teller, who counts the money out as per draft, calls the name upon book, and if the person responding states the amount signed for, delivers book and money to them.

At end of day machine list of withdrawals is made, total of which must agree with total of journal sheets in order that cash may be balanced. All postings are made next day and proved by placing upon the journal sheets the present and previous balances of each transaction, difference in the totals of which must equal amount of transactions on each sheet or ledger. Checkers are required to place a check upon each item checked in order that if duplicate postings occur and are not discovered until trial balance, a reference to ledger will quickly reveal the item unchecked.

WORCESTER COUNTY INSTITUTION FOR SAVINGS, WORCESTER, MASS.

Deposits	\$23,000,000
Number open accounts.....	49,000
Average daily transactions.....	300

Deposits.—Method of handling new and old accounts is the same, slips of a different color being used for deposits on either. Cards for signatures and card ledgers are used. Teller receives money and enters amount upon slip and stub of same, which is perforated. He retains stub for his proof and passes book and ticket to counter clerk, who in case of new account, obtains description and signature, makes out new book and delivers same to depositor, retaining slip, or if an old account, simply makes entry and returns book. In either case name and amount are verified before delivery of book. Slips are delivered to bookkeepers, who make out cards for new accounts, and withdraw cards upon which postings occur from ledger boxes, and keep said cards out until close of day for making proof.

Withdrawals—Different colored forms are used for partial payments and amounts closing accounts, each form having a perforated stub. Book is presented to counter clerk, who makes out draft, secures signature, verifies same, also amount on book with ledger, removing ledger card from box.

He then makes entry in passbook and passes same with draft to teller, who verifies amount and name of depositor and delivers money and book, holding perforated stub for his proof, and delivering receipt to bookkeepers for posting.

This provides three checks on daily transactions—tellers prove with total of their stubs, and a proof is made from ledger cards which have been withdrawn during day wherever transactions occur. The following day all transactions are checked back and cards sorted back in ledger boxes. Wherever cards are temporarily withdrawn a dummy card of conspicuous color is put in its place.

FARMERS AND MECHANICS SAVINGS BANK, MINNEAPOLIS, MINN.

Deposits	\$14,000,000
Number open accounts.....	61,500
Average daily transactions.....	725

Deposits.—For making a deposit (assuming that the depositor has already opened an account), he presents his passbook and deposit at the first deposit window. The first teller receives them, counts the deposit, verifies the amount with the depositor, makes out a deposit slip, hands the passbook, the deposit and deposit slip to a second receiving teller, by whom the money is again counted, and the amount entered in a blotter and in the depositor's passbook. The passbook is then handed to the depositor. Later the deposit slips are checked with the blotter and the deposits are then entered upon the card ledgers from the deposit slips. The total of the day's deposits are again checked with the totals shown on the blotter.

Withdrawals.—For making a withdrawal, the depositor presents his book at the bookkeeper's withdrawal window. The passbook is compared with the depositor's account in the card ledger. If the two agree, the bookkeeper makes out a withdrawal receipt and enters the amount of the withdrawal in the blotter, with the number of the account, and passes the passbook with the withdrawal receipt (unsigned) to another clerk, who enters the amount of the withdrawal in the depositor's passbook, hands the withdrawal receipt to the depositor, who signs it, and hands the passbook with the signature card, which is pulled, to the paying teller. The depositor passes with his receipt, which he has signed, to the paying teller, who compares his signature. If the comparison is favorable, the receipt is taken up and the passbook and money are handed to the depositor. Later the withdrawal receipts are posted in the card ledgers and subsequently the amounts posted are compared with the blotters.

EXCELSIOR SAVINGS BANK, NEW YORK, N. Y.

Deposits	\$11,000,000
Number open accounts.....	24,000
Average daily transactions.....	234

New Accounts.—Cards used for signatures and ledgers. Depositor goes first to signature clerk, who ascertains if account is desirable, takes signature and description upon signature card, also signature upon both sides of ledger card, and makes out passbook. The depositor then makes out deposit slip and presents same, together with money, to receiving teller to whom book has been passed. Teller enters amount (initialing same) in passbook, gives depositor a card bearing a number, duplicate of which, together with book, is placed upon a shelf, from which they are taken to bookkeeper's desk. Bookkeeper enters number of account and amount deposited upon a daily ticker, initialing same, goes direct to ledger, and upon ledger card, which has already been placed there by signature clerk, enters and dates deposit, which he likewise initials. Bookkeeper then steps to his window and calls number upon card received by him with book; depositor holding corresponding number responds and book is delivered to him upon stating name and amount entered therein. Deposit slips are delivered to bookkeepers, listed in deposit journal according to ledgers, and aggregate total of day's work transferred to cash book and journal and posted to general ledger. Subsequent deposits are handled in same manner, eliminating signature clerk.

Withdrawals.—Depositor presents passbook and draft which has been obtained from counter, filled out and signed by him, to clerk next to teller. This clerk balances book with ledger, enters amount in passbook, initials amount on draft and delivers book and draft, together with a printed number, to paying teller, delivering to depositor duplicate number. Paying teller verifies signature, calls number of depositor, who surrenders duplicate, and upon giving name and amount receives money and book. Drafts are placed upon spindle and then delivered to bookkeepers, after which they are handled in same manner as deposit slips.

HOPKINS PLACE SAVINGS BANK, BALTIMORE, Md.

Deposits	\$9,000,000
Number open accounts	22,000
Average daily transactions.....	330

Deposits.—The depositor presents book to receiving teller with deposit, who verifies same and enters on passbook, passes it on to the entry clerk, who records on daily deposit sheet the number, the name of the account and the amount deposited. The postings are made from this sheet by the bookkeepers to the individual ledgers and the total amount of deposits is credited to controlling account in the general books. Each bookkeeper checks off the postings of the other, daily, and in addition is changed to different ledgers every month.

In order to locate trial balance errors in individual ledgers, the accounts are di-

vided into fifteen sections. A summary book, specially ruled for a month's transaction, is operated, in which is entered the totals of daily deposits and withdrawals of each section. This is footed up at the end of the month, and to the total amount of deposits of each section for the month is added the balance brought forward from previous month; from this total is deducted withdrawals for the month, the balance showing totals of the respective sections. As the balances are run off of individual ledgers, each section is listed separately and must agree with corresponding section in summary book. This enables one to locate an error in a comparatively small number of accounts.

HOME SAVINGS BANK (STOCK), WASHINGTON, D. C.

Capital	\$100,000
Deposits	4,000,000

Deposits.—The savings deposit slips are taken from the spindles, listed on the adding machine and turned over to the savings bookkeeper, who, after posting them by merely bringing down the new balance instead of noting the amount of deposit, makes a notation in his scratcher of the amount of the deposit, and the totals of all such deposits are proved from said scratcher with the totals of all of the teller's slips. These deposits are then written on deposit tickler sheets, the number of the account, the party's name, and the amount is extended on a coupon attached to said tickler, and the totals of these amounts proved with the totals of the tellers and savings bookkeeper. The general ledger bookkeeper takes the amount from the savings bookkeeper's scratcher to post in the general ledger. A proof is made the next morning of all of the entries on savings accounts by detaching the coupons from the deposit tickler sheets, the employee who makes the proof only having the name and number from which to check the amounts deposited, noting at the same time the amount of the deposit on the ledger card, and at the same time on the column of the deposit tickler sheets. These totals are then added and compared with the totals on the coupons above mentioned and any differences are then adjusted by a third man.

FITCHBURG SAVINGS BANK, FITCHBURG, MASS.

Deposits	\$6,000,000
Number open accounts.....	13,000
Average daily transactions.....	84

Deposits.—Book and money are presented to teller, who makes entry on slip and returns book. At close of day slips are footed by machine, which total is used to balance cash. Another clerk posts slips, lists same in a deposit book and foots them. Slips are then sorted into numerical order for a six months' period, when trial balance is taken.

Withdrawals.—Drafts are handled in same manner; however no clerk handling deposits is permitted to handle withdrawals. Ledgers are divided into sub-divisions for purposes of trial balance, and all slips sorted according to such sub-divisions.

OTTAQUECHEE SAVINGS BANK, WOODSTOCK,
VT.

Deposits	\$2,000,000
Number open accounts.....	5,000
Average daily transactions.....	35

Deposits.—Cards used for signatures and ledgers. Money and book are passed directly to teller, who makes out slip, enters amount in book and returns same to depositor.

Withdrawals.—Teller makes out draft, enters same in book, compares signature and pays the money.

At night deposit slips and drafts are entered in journal and cash balanced from this record. Postings are made next day from slips. Each month postings are verified from journal entries by an auditor.

GOLDEN RULES FOR BORROWERS

ADDRESSING the Manufacturers Committee of the Oakland (Cal.) Chamber of Commerce, Frank C. Mortimer, cashier of the First National Bank of Berkeley Cal., thus outlined some of the conditions that should form the basis of applications for bank loans.

Commercial bank deposits are subject to immediate withdrawal. Therefore loans must necessarily be limited to thirty, sixty and ninety days. There are well-defined lines of safety, beyond which bankers cannot allow their depositors' money to go.

Credit and capital are frequently confused. A bank's functions do not permit it to furnish permanent capital for business, nor to loan large amounts of money to borrowers who have themselves but small capital.

The elements of credit are: Character, meaning the man; his reliability; the moral risk; Capacity, meaning the method; the business risk. Capital, meaning the resources; the means; the property risk.

Where these elements exist in whole or in part in sufficient quantity there exists a basis for credit at a bank.

Under normal financial conditions, a full line of credit may be granted to a manufacturer:

1. When a full, complete and honest statement of his affairs is made to his banker, and when he co-operates in its verification.

2. Who maintains his account at one

bank, and does not divide it among several.

3. When the business occupies a legitimate field.

4. Where a permanent demand exists for the article manufactured.

5. When healthful competition exists which yields legitimate profits.

6. When patents and patterns have a real value.

7. When the business is well located where production is economical.

8. When the applicant for credit is an experienced man and has been engaged in business over an appreciable length of time.

9. When the accounting system clearly discloses the exact condition of affairs at all times.

10. When the one seeking credit is well spoken of by others in the same or kindred lines.

11. When the relation between management and employees is satisfactory.

12. When inquiries regarding the uses of the borrowed money are frankly answered.

13. When an adequate balance of from ten to twenty per cent. of credit line is maintained at bank.

14. When no attempt is made to overdraw the account.

15. When stock and goods are made up of live and moving inventories.

16. When the credit asked for is not in excess of the bona fide capital paid in by the owners of the business.

17. When depreciation of machinery and buildings is regularly charged off.

18. When there is a good lot of quick assets and when the amount requested is not in excess of fifty per cent. of the market value of these quick assets. Quick assets consist of cash, bills and notes receivable, accounts receivable, and merchandise.

19. When the management of the company is competent and aggressive and of high moral standing and business integrity.

20. When past obligations have been promptly met and where indebtedness is fully paid once each year.

INVESTMENTS

Conducted by Franklin Escher

THE NARROWING RETURN ON RAILWAY CAPITAL

By W. C. Cornwell, of J. S. Bache & Co.

THERE is now proceeding a hearing of great importance to the railroads, and consequently, to the whole country, in the sessions of the Straus Arbitration Board, convened to settle the questions between the railroads and the engineers on the demand of the latter made last spring for higher wages.

An impressive part of the testimony is that of the engineers themselves who in unflourished sentences are telling graphically of their duties in filling the posts of danger on the fast trains. The first of the engineers to go before the commission was Dean R. Wood of the New York Central, who takes the Twentieth Century Limited from Syracuse to Albany. With eyes on the ceiling, this veteran driver of the iron and steel horses told in direct, laconic sentences the story of the fierce race through the black spaces which he takes every other night: "I'm called at 12.15 a. m.," began the veteran engineer, "and I get to the round-house at about 1:15. I examine the bulletin boards, look over the engine, give it a thorough examination and sign the time slips. A hostler takes the engine out for coal and water and I ride with him to the depot. There I compare my watch with a standard clock, oil up, try the brakes, put on the steam heat, compare my watch with the conductor's, get any orders from him that he has, and we are ready to start."

"What is your running time between Syracuse and Albany?" he was asked.

"Two hours and forty-two minutes. That's 148 miles in 162 minutes. We are allowed to make up twelve minutes for lost time, which we might drop. We can only go through Syracuse at eight miles an hour and there are nine other slow downs, so that we have to run

about seventy to seventy-five miles an hour to get in on time. In 148 miles we meet 151 stop signals, which I must locate in all kinds of weather, and if any of them are out of order I report the number of the signal when we get in.

"We get to Albany at 6.47 o'clock, and there I take the engine to the house, give it a general inspection, make a verbal report to a clerk, sign for orders, wire a telegraph report, and report to the chief signalman any signal failures."

"What do you fear most on the road?" Stone asked.

"A freight train buckled up on an adjoining track," replied Wood. "If an air brake or a wheel bursts as you go by it is all up."

Wood said that he got \$186 a month and that he made a trip every other day. This would mean \$12.45 for each trip.

THE NARROWING DOWN OF EARNINGS.

Imagine the dangers and responsibilities which this man meets three midnights a week in fair or foul weather, in snow, in rain, in blizzards, in fogs, throughout the year. His vision must be geared for starlight, for moonlight or for black darkness or driving storm, to locate, as he dashes by, those 151 signals in 148 miles, the loss of any one of which might mean death in the ditch. Compare this with the comfortable daylight hours of many other workers in counting-houses and factories on the same or better wages.

But to the railroads it is not a question of raising the engineers alone. If the "rise" is granted, the door is irresistibly opened to a half dozen other

classes of workers, all the way down the line, entailing an increase in total of \$79,000,000 per annum to all the roads.

And so the commission must give attention to the testimony of the presidents of the great lines, showing a steady narrowing down of railroad profits to the danger point of loss of credit, and the avoidance by investors of railway securities which has already taken place to such an extent, as we noted last week, showing the dwindling percentage of new railroad investment during the last half year.

"The terminal facilities in our cities, as a rule, are wholly inadequate for any exceptional conditions," testified Mr. B. A. Worthington, President of the Chicago & Alton.

"We will produce an exhibit giving you some idea of the expenditures that a number of the larger roads will be required to make within the next decade, and the figures are something astounding. And yet we will hardly be keeping pace with the growing traffic of this country. If the railroads today were to have a sudden inrush of business the same as we had in 1907 we simply would not be able to cope with the situation. The railroads need money for all sorts of things. If the return on capital is constantly narrowed down we are soon to reach a period where capital will not have much confidence in railroad investments in this country, and the ultimate effect will be to retard the growth of the country."

And who is to blame for this constant narrowing down of returns on capital in railroading? It is not the engineers' demands. It is the administration and the Interstate Commerce Commission.

RAILROAD TAXATION.

In addition to higher costs in wages and material, the roads have been assailed with a fierce campaign of taxation. In the ten months of the railroad year thus far, taxes for all roads have increased nearly \$10,000,000. Since 1905 taxes have increased from a given sum of \$63,000,000 to an estimate

for 1912 of \$115,000,000. In other words, in seven years, taxes have increased over 82%. The roads are now paying out for taxes over 13% of their earnings, with the amount increasing each year, and in the case of some roads enormously increasing. Can it be wondered that the conservative investor is shy of buying railroad liabilities when the roads are between the devil of increasing taxation and costs, and the deep sea of reducing rates?

IDLE LAND WAITING FOR RAILROADS.

In the Southwest, there are 160,000,000 acres of land more than ten miles from a railroad, and more or less neglected, and to develop these, needs 27,000 miles of new road. If expansion of the railways stops, the progress of the country becomes crippled.

A blighted crop means widespread trouble and hard times.

Hampering the railroads so that transportation cannot earn adequate returns, clogs the whole industrial machine and minimizes the benefits of good crops.

That is exactly what is happening in the United States to-day.

The railroads need additional capital to provide facilities for handling the constantly increasing transportation of the country.

They have a limited market for new securities because they cannot keep up sufficient earnings to warrant the confidence of investors. Consequently, American railway securities are neglected in the markets of the world.

POLITICAL HOSTILITY.

The legislative tendency in Congress and in many states is hostile to the railroads and the Interstate Commerce Commission embodies this hostility in persistent refusals to allow any freight advances, confining its operations to suspending every proposed advance and reducing rates constantly in many directions, though the cost of operation has been steadily and enormously increasing. The commission has apparently adopted a narrow policy, adverse to the best interests of the country.



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A new building, the best equipment, an able and experienced staff of officers and employees—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them

This suicidal attitude is sure to bring upon the public unfavorable ultimate results.

CAR AND TRACK SHORTAGE THREATENING.

One of these we are facing already. And that is the prospect of great loss in handling the crop, due to car shortage, because the railroads have been unable to provide themselves with sufficient equipment.

Not only will car shortage work more or less serious harm, but in the matter of side-tracking, or what is called divisional facilities, the railroads have in the last five years fallen far behind, while farms have been increasing their production and opening up new fields and territories.

In fact, the railroads are approaching the physical handling of the largest crop on record, with cars and tracks five years behind the times.

This year shippers are uniting with the railroads in an endeavor to lighten the burdens of transportation by full-car loads, quickloading and prompt return of cars, but at the best it is old machinery groaning under the weight of an enormous burden and serious loss and great inconvenience must follow.

As the loss grows the public will realize that in hampering the railroads they have injured themselves and hurt the whole country. This injury will extend to farmers, merchants, business men, and, in fact, every class in the community.

JUSTICE WANTING.

The politicians seem to be absolutely blind to the needs of the railroads. None of the three platforms has a word to say on this important subject. Colonel Roosevelt's speech at Wilkes-Barre is the only authoritative expression thus far and he condensed the whole subject when he said:

"A railroad has got to earn money and it is just as much our business and it is just as much our self-interest to do justice to the railroad as to get justice from it."

The cost of operating railroads by reason of higher wages, shorter hours, increased safety restrictions and very much advanced prices of materials, has been mounting up by leaps and bounds, while rates have not been allowed to be advanced.

The question of whether a rate advance is justified or not has not been given due consideration, but without getting at broad general facts and largely because of the bitter public feeling towards railroads, the roads are given no consideration.

A few years ago, if a railroad contemplated new extensions, counties and states offered liberal bounties and material help everywhere. To-day the railroad commissions and the Interstate Commerce Commission are restricting the roads with unreasonable demands, reduced transportation charges and increased taxation.

It is not as though railroad rates in this country were exorbitant. They

are, in fact, cheaper than in any country in the world, with vastly superior facilities. The Train De Luxe, running between Paris and Nice—a distance of around 500 miles—takes something like twelve hours to complete the journey. The distance is about half that between New York and Chicago and costs \$55. In this country much more excellent accommodations on the finest train in the world—the eighteen-hour train between New York and Chicago, a distance of 1,000 miles—costs \$35.

RADICAL STATES HURTING THEMSELVES.

The State Railroad Commission of Texas stands out, perhaps, as the bitterest enemy of railroads of them all, and the result is that in that great empire, a continent in itself and larger than either France or Germany, needing thousands and thousands of miles of new track, there has, according to the *Railway Record*, in the first six months of the current year been completed *only thirteen miles of new railway*.

It is certainly a short-sighted policy for the railroad commissioners and the Interstate Commerce Commission to put every kind of a restriction upon the roads, saving some of the people in a state a few million dollars in the course of a year or two, but inflicting upon the

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great public of the same state a loss of perhaps one or two hundred millions in the same time, on account of restricted development.

REAL PROSPERITY DEPENDENT ON ADVANCES.

If the railroads were now allowed to advance rates reasonably, with nearly every other condition favorable, the business of the country would spring into unexampled prosperity.

It was the Government's injunction in May, 1910, against general increase of freight rates by all the railroads, which shut off the prosperity of 1909 and started the industrial recession, which lasted nearly two years. It would be an act of statesmanship for the Executive to reverse the situation and order the rate increase. This is President Taft's opportunity to inaugurate unmistakable prosperity.

BONDS FOR THE SMALL INVESTOR

By J. A. Clark, of J. A. Clark & Co.

AN interesting development, of very recent growth in this country, is the increasing attention which security dealers are paying to the small investor. In other lines of industry, competition and the exhaustion of natural resources are necessitating intensive cultivation. So also the investment bankers are finding it advisable to cultivate the individuals who invest in units of less than \$1,000.

This work is really of considerable national importance. The hundreds of millions of dollars annually "sunk" in

fraudulent promotions is largely composed of contributions from small investors. If our large expenditures for automobiles and other luxuries is one of the causes of the high cost of living, how important also is the tremendous economic waste represented by the aggregate of these get-rich-quick "securities" sold to the gullible public.

It is generally recognized that the surest way to reach this evil is to educate the small investor in the fundamentals of sound investment, and give him the opportunity to invest his sav-

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ings or inheritance safely and profitably. For years the small investors of France have been investing in their Government Bonds and other high-grade securities which are available in denominations of from 250 francs up. By their thrift and conservatism there has been created a national bulwark more powerful than fleets and armies.

AVAILABLE IN SMALL DENOMINATIONS.

The last issue of U. S. Government Bonds, the \$50,000,000 Panama Canal 3s, due 1961, were offered for subscription in multiples of \$100. It was hoped in this way to interest many investors who had never purchased bonds before, and results were very satisfactory.

Municipal bonds have seldom been issued in \$100 denominations in this country. A notable exception is the Corporate Stock of the City of New York, all issues of which are available (in registered form only), in denominations of \$10 and multiples thereof.

The principal railroad bonds in \$100 pieces are those issues which were largely placed in Europe—the \$100 bonds sold here corresponding to the 500-franc pieces, etc., sold abroad. The National Railways of Mexico bonds, and the Chinese Railway bonds, are examples of such issues. The chief market for Central Vermont 4s is also in Europe. South Pacific, San Francisco Terminal 4s are listed in London, Berlin, Frankfurt, Hamburg, Basle, Zurich, Geneva and Amsterdam. So also, Colorado and Southern 4½s are listed on the exchanges of five European cities. All of these bonds are issued in \$100 pieces.

There are other well-known railroad issues placed entirely in America, of which some \$100 bonds have been sold. Many of the New York, New Haven & Hartford bonds are thus divided, probably to meet a natural demand from the small investors of New England, many of whom are stockholders of the road.

P. Lorillard and Liggett and Myers debentures (registered) were issued in \$50 and \$100 pieces to facilitate the division of the American Tobacco Company's funded debt when that Company was dissolved.

It is among the recent issues of public utility corporation bonds, however, that is found the best example of the demand for \$100 investments and the way it is being met. Certain houses handling such issues have substantial clienteles of investors that buy \$100 bonds at regular intervals and, after they have accumulated five or ten, exchange them for a bond of larger denomination. Such business may seem petty, but an issue so placed, usually "stays put." It must also be remembered that the \$100 investor of to-day is the \$1,000 investor of tomorrow.

Experience which the writer is in touch with indicates that a division of, say, a one-million dollar issue into \$75,000 of \$100 bonds, \$425,000 of \$500 bonds and \$500,000 of \$1,000 bonds, is the most satisfactory.

Small denomination bonds should not be payable quarterly. There is a certain good-sized issue which was brought out in \$500 pieces only, with interest payable quarterly—eight coupons per year for each \$1,000. Many of these bonds are held in large blocks

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WOULD YOU MINIMIZE THE RISK?

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Bond Dept.

334 Fifth Avenue

New York

in trust funds and the trustees spend most of their time clipping coupons.

Many desirable bonds are not available in amounts of less than \$1,000. A plan has been used, with some success, of depositing a block of \$1,000 bonds with a trust company and having it issue its own \$100 collateral trust coupon certificates against the bonds so deposited, but there is now such a good selection of \$100 bonds available, that such an arrangement is hardly necessary.

OTHER BONDS ISSUED IN SMALL DENOMINATIONS.

Besides the \$100 bonds mentioned above, are the following, representing various classes:

Republic of Cuba 5s.
C., B. & Q., Denver Extension, 4s.
Keokuk & Des Moines 1st. 5s.
M., K. & T. 1st. and refunding 4s.
Western Pacific 1st. 5s.
Central Leather Co. 1st. 5s.
General Electric Co. deb. 3¼s.
International Steam Pump 1st. 5s.
New York Air Brake 1st. 6s.
Denver Gas & Electric Co. 1st. 5s.
Laclede Gas. Co. 1st. 5s.
Aberdeen Light & Power Co. 1st. 6s.
Jackson Light & Traction Co. 1st. 5s.
Kings County Electric Light & Power 6s.

There are only limited amounts of \$100 bonds of any of these issues, and while many others might be added to the list, some are very difficult to obtain. For the most part, \$100 bonds of the active issues are quoted a point lower on the "bid" side and a point higher on the "offered" side than \$1,000 bonds.

It has been said that small investors will never buy bonds to any great extent, as they have not the facilities for keeping them safely. For these individuals, bonds registered as to principal and interest may meet requirements, as even in the event of theft, payment can only be made to the rightful owner. Others will be led to lease safe-deposit boxes to their great benefit and ease of mind, for they will then have a suitable depository for deeds, insurance policies, personal papers, wills, etc., as well as for their investment securities. All of this is in line with the education of the small investor in the principals of sound finance.

Widows and orphans will probably continue for some time to buy worthless securities, on promises of fabulous profits, and the birth rate of a certain class of investors, estimated at "one a minute," may not decrease perceptibly in the near future. However, the efforts of the Federal authorities in discouraging misrepresentation and fraud and of the reputable bankers in educating investors, are bound to bring results which will eventually add much to the country's prosperity.

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

INVESTMENT AND MISCELLANEOUS SECURITIES

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 60 Broadway, New York.
(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	280	290
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So.R.R.)	175	...
Beech Creek (N. Y. Central)	92	96
Boston & Lowell (B. & M.)	214	...
Boston & Albany (N. Y. Cen.)	220	223
Boston & Providence (Old Colony)	296	300
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	180	190
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	164
Camden & Burlington Co. (Penn. R. R.)	130	140
Cayuga & Susquehanna (D.L.&W.)	305	315
Christopher & 10th St. R. R. Co. (M. S. R.)	130	140
Cleveland & Pittsburg (Pa. R. R.)	168	172
Cleveland & Pittsburg Betterment	98	100
Columbus & Xenia	205	208
Commercial Union (Com'l C. Co.)	100	110
Concord & Montreal (B. & M.)	156	162
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	139	...
Conn. River (B. & M.)	370	...
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila.&R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	99
East Pa. (Phila. & Reading)	135	135
Eighth Av. St. R. R. (M. S. R. C.)	300	...
Elmira & Williamsport pfd. (Nor. Cen.)	142	152
Erle & Kalamazoo (J. S. & S.)	200	200
Erle & Pittsburg (Penn. R. R.)	135	140
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	128	132
Franklin Tel. Co. (West. Union)	110	115
Forty-second St. & G. St. R. R. (Met. St. Ry.)	260	280
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	265	270
Gold & Stock Tel. Co. (W. U.)	118	123
Grand River Valley (Mich. Cent.)	112	118
Hereford Railway (Maine Central)	85	93
Inter Ocean Telegraph (W. U.)	98	104
Illinois Cen. Leased Lines (Ill. Cen.)	92	96
Jackson, Lana. & Saginaw (M. C.)	80	86
Joliet & Chicago (Chic. & Al.)	150	165
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	77	80
K. C., St. L. & C. pfd. (Chic. & Al.)	105	130
Little Miami (Penn. R. R.)	209	212
Louisiana & Mo. Riv. (Chic. & Atl.)	125	150
Mobile & Birmingham pfd. 4% (So. Ry.)	70	80
Mobile & Ohio (So. Ry.)	80	87
Morris & Essex (Del. Lack. & W.)	172	175
Nashville & Decatur (L. & N.)	185	190
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	105	120
N. Y. & Harlem (C. & P.)	325	355
N. Y. & Harlem (N. Y. Central)	325	355
N. Y. L. & Western (D. L. & W.)	122	126
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	150
North Carolina R. R. (So. Ry.)	162	167
North Pennsylvania (Phila. & R.)	192	...
North R. R. of N. J. (Erle R. R.)	85	92
Northwestern Telegraph (W. U.)	85	125
Nor. & Wor. pfd. (N.Y., N.H. & H.)	310	...
Old Colony (N. Y., N. H. & H.)	128	191
Oswego & Syracuse (D. L. & W.)	205	220
Pacific & Atlantic Tel. (W. U.)	70	75

Bid. Asked.

Peoria & Bureau Val. (C.R.I.&P.)	175	185
Pitta. B. & L. (B. L. E. & C. Co.)	61	65
Pitta. Ft. Wayne & Chic. (Pa.R.R.)	169	173
Pitta. Ft. Wayne & Chic. special (Pa. R. R.)	150	165
Pitta. McKeesport, McW'port & Y. (P. & L. E. M. S.)	129	132
Providence & Worcester (N. Y., N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	185	192
Rome, Watertown & O. (N.Y.Cen.)	...	...
Saratoga & Schenectady (D. & H.)	162	172
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	90	100
Sixth Av. R. R. (Met. S. R. Co.)	110	120
Southwestern R. R. (Cent. of Ga.)	110	114
Troy & Greenbush (N. Y. Cent.)	160	168
Twenty-third St. R. R. (M. S. R.)	300	250
Upper Coos (Maine Central)	123	...
Utica, Chen. & Susq. (D. L. & W.)	...	...
United N. J. & Canal Co. (Pa.R.R.)	...	...
Valley of New York (D. L. & W.)	117	122
Warren R. R. Co. (D. L. & W.)	165	170

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	152	200
American Brass	135	140
American Chiclé Com.	215	220
American Chiclé Pfd.	100	105
American Express	185	194
Atlas Portland Cement Com.	55	63
Autosales Gum & Chocolate	36	40
Babcock & Wilcox	105	108
Borden's Condensed Milk Com.	119	121 1/2
Borden's Condensed Milk Pfd.	109	111
Bush Terminal	70	85
Childs Restaurant Co. Com.	186	190
Childs Restaurant Co. Pfd.	111	113
Computing-Tabulating-Recording	47	50
Del. Lack. & Western Coal	375	385
E. I. du Pont Powder Com.	194	199
E. I. du Pont Powder Pfd.	97	100
General Baking Co. Com.	20	34
General Baking Co. Pfd.	80	83
Gray National Telautograph	10	13
Hudson Companies Pfd.	50	54
Hudson & Manhattan Com.	14	18
Hudson & Manhattan Pfd.	22	26
International Nickel Com.	131 1/2	133
International Nickel Pfd.	107	109
International Silver Pfd.	134	140
Kings Co. E. L. & P.	130	134
Otis Elevator Com.	75	80
Otis Elevator Pfd.	102	105
Phelps, Dodge & Co.	217	222
Pope Mfg. Com.	37	40
Pope Mfg. Pfd.	73	76
Royal Baking Powder Com.	213	220
Royal Baking Powder Pfd.	106	108 1/2
Rubber Goods Mfg. Pfd.	104	110
Safety Car Heating & Lighting	116 1/2	118 1/2
Sen Sen Chiclet	118	122
Singer Mfg.	285	290
Standard Coupler Com.	33	38
Texas & Pacific Coal	97	102
Union Typewriter Com.	41 1/2	44
Union Typewriter 1st Pfd.	107	110
Union Typewriter 2d Pfd.	103	106
U. S. Express	75	80
U. S. Motor Com.	1	1 1/2
U. S. Motor Pfd.	3	4
Virginian Railway	15	20
Wells Fargo Express	132	135
Western Pacific	7	8 1/2

EUROPEAN LAND AND RURAL CREDIT FACILITIES*

By Edwin Chamberlain, Vice-President San Antonio Loan and Trust Co.,
San Antonio, Texas

IN the United States there is no company, national in its scope, that makes a specialty of farm mortgages; nor is there any credit arrangement especially adapted and devoted to the American farmer. The landowner or the farmer, if he wishes to borrow, is confined to the restricted money market of his immediate vicinity. The latter is receiving through the Agricultural Department of the Federal and State Government the fullest information regarding the best methods to follow to cultivate his farms, but one of the most important needs, that of capital, is greatly lacking.

This works well enough in some of the older sections of the country, but in the great producing areas of the South and West there is a scarcity of money, that is seriously felt; and I, for one, believe that if we should adopt good systems for farm credits and put in operation institutions to afford an outlet for farm mortgages the situation would be materially improved at once.

In Europe, particularly in those countries which are most prosperous from the agricultural point of view, such systems have existed for a long time, while securities, based on real estate, have been made as liquid and convertible as municipal bonds. Germany and France furnish the best examples. I will employ the few minutes that now remain to the agricultural coöperative credit societies of Germany, the *Landschaften* of the same nation, and the *Crédit Foncier* of France.

THE RAIFFEISEN BANKS.

The first agricultural mutual credit society was started in 1849 in Germany

by Herr Frederick William Raiffeisen. He was a poor and humble burgomaster of the village of Weyerbusch, partially blind and so weak and sickly that he was forced to resign from the public service. But in spite of his poverty and bodily afflictions his energy and philanthropic devotion were unbounded, and before his death, in 1888, he had the satisfaction of knowing that the idea for Europe which he had struggled so long and so hard for had taken root all over Europe and in various other quarters of the earth.

The pure, so-called "Raiffeisen bank" is simply a coöperative association in which all members bind themselves to be jointly and severally liable without limit for all the debts it contracts. The chief features are that the association is absolutely local—its membership and business being confined to a restricted neighborhood. Its officers and employees must be members and give their services gratuitously, except the cashier who is allowed a small salary. The value of the capital shares is nominal, only small dividends are paid. Most all the profits are put in the reserve. The societies accept deposits from members and outsiders and have savings bank regulations as to withdrawals. They lend only to members and when they have no money on hand for this purpose, they borrow on the collective guarantee of their solidarity and their reserves. The older banks that have accumulated more deposits and larger reserves than they need make investments in the open market, but always avoid speculation.

Loans may run from a month to ten or every twenty years. Mortgages are not uncommon, but personal credit is preferred with one or two sureties. Short time loans, i. e., those granted up to one year with possible renewals

* An address delivered before the Savings Bank Section American Bankers' Association, at its annual convention, held in Detroit, Mich., September 12, 1912.

up to two or three years, are sometimes repayable by installments. Long time loans are invariably extinguished by amortization.

There is no delay or red-tape in getting a loan. The farmer submits his application to the board of management. Inquiry is made into the solvency or rather honesty of himself and guarantors, and as to what use the money is intended for. If all this is approved, he gives his note properly endorsed to the association and receives the money. It is absolutely required that the loan be used for a productive purpose, and in the way specified in his application, under penalty of immediate recovery and his dismissal from the society. The dates of payment are so settled that the periods and amounts fixed agree with the probable receipts of the borrower.

Reckoned by averages, the size of these loans is insignificant, while each bank has only about \$445 of paid-up capital and 92 members. But the totals are stupendous. The 15,526 banks in 1910 had over \$500,000,000 of working capital with which they made \$1,500,000,000 of loans.

Such are the simple working methods but enormous results of the small rural credit societies, which, as Kaiser William said to Ambassador Herrick, have brought prosperity to the Empire.

The business methods of the local banks need no further explanation, but the marvellous centralized system into which these units have been organized is elaborate and intricate. It took years to reach its full development, and before attempting to adopt it in the United States, careful study perhaps should be made in order to find out to what extent its success depends upon the peculiar habits, temperament and conditions of the German people.

In studying this question it must be remembered that Germany is the birth-place as well as the home of coöperation. There are coöperative societies for every conceivable purpose of production, transportation, preservation, and sale of agricultural supplies. They

every 2,600 of its inhabitants. They are grouped into federations. They cover the Empire. There is one for largest one is the Imperial Union, to which most of them including the credit societies belong. This centralization idea is also followed by the credit societies for themselves, and now there are thirty-five central banks and two general central banks in the Empire which equalize their funds and act as clearing houses for the whole system.

Coöperation in Germany was originally founded on the principle of self-help, but the State finally came to its aid. One of the general central banks referred to above was founded for this very object. The Province of Prussia gave it around \$19,000,000, with which it makes cheap advances to the federations; and these in turn lend money to the societies at interest below the market rate.

COÖPERATIVE AGRICULTURAL CREDIT IN FRANCE.

The entire system of agricultural coöperative credit of France is also aided by the State, and has been brought by law under the supervision and management of the National Government through a bureau of the Department of Agriculture called "The Credit Agricole." In 1896, when the charter of the Bank of France was renewed it was compelled to advance \$8,000,000 for the use of agriculture without interest and to pay in addition for the same purpose an annual tax of not less than \$400,000, but which in fact has amounted to \$1,000,000 in a year. This fund is distributed by the Bureau among regional banks who lend it to local banks at a rate that enables their members to obtain money at 3½ per cent. per annum.

During my trip abroad I learned of considerable complaints against the French agricultural mutual credit system; the charge being that politics had crept in and favoritism was being shown in the distribution of the funds. But I heard nothing but praise for the German system. There is no doubt that

the credit societies there are entirely adapted to the small peasant farmers of the Empire. They are very accessible, work cheaply, grant loans at a low rate of interest, encourage thrift and prudence, afford a safe deposit for savings and have educated the rural population in the uses of credit. The interest rates vary in the different societies and countries, but average about $3\frac{1}{2}$ and 4 per cent. for all Europe.

In the early days banks were created simply by contractual agreement, but now wherever they exist they can be organized only under general laws which contain strict provisions for their inspection and methods of doing business. As you may know, Massachusetts has enacted a law authorizing the organization of mutual banks. The Province of Quebec in Canada also has a similar law, but farmers have not yet resorted to them there. Japan and Mexico are putting similar methods into effect.

Several failures have occurred among the coöperative credit societies in Germany. But the "Credit Agricole" in France has never lost a dollar, due to the fact the societies prefer to form on the unlimited liability plan. This has made them careful in selecting their members and in making loans.

Under the laws, too, a loan must be paid by the borrower or his fellow members promptly when it falls due, or steps are taken to dissolve the society. So there is no accumulation of "dead ducks" among the assets of a coöperative credit society, thanks to rigid State and Federation inspection.

The coöperative credit societies deal only with personal or rather "character security." The loans, as I have said, are quite small. The money for them is obtained mostly from the savings and deposits of the more thrifty members. So they simulate in purpose the building and loan associations of America and do not come in contact with general banking business except where large central banks have been

formed, or the State has intervened with its aid.

THE LANDSCHAFTEN.

The Landschaften of Germany, on the other hand, take only real estate security. They are, however, founded on the principle of coöperation. There are twenty-five of them in Germany. Five were formed directly by the State, nine were formed by the Provinces. The rest were formed voluntarily. Besides these, there are five private land mortgage companies that have adopted the Landschaften principle of co-operation. The only nation that has copied these peculiar German institutions is Austria Hungary, where they are called Boden-Kredit Institutes.

The Landschaft is the most ancient form of a mortgage-bond company. The first one was formed in Prussia in 1770 by royal decree of Frederick the Great, who forced all the princely but impoverished landowners of that Province to combine together in order to obtain funds to rehabilitate their run-down estates.

A description of this first Landschaft will serve for them all. It is a syndicate of borrowers, an association of landowners who are jointly and severally liable without limit for all debentures issued by it. Its sole object is to obtain cheap and facile credit for its members. It has no capital and pays no dividends, all profits being placed to the reserve. It is financed by its debentures. These debentures are secured first by the mass of underlying mortgages, next by the reserve and finally by the unlimited liability of its members, and the amount outstanding must never exceed the face value of these mortgages. They are made payable to bearer, have no fixed time for maturity and are recallable at the option of the association, which is done by lot. All loans are for long periods—30 to 75 years—and are gradually extinguished by half-yearly installments which include, with the interest, a portion of the principal

under the amortization arrangement that is common all over the continent.

When a landowner joins the association his title deeds are examined, his property inspected and given an estimated value. Should he wish a loan it cannot be denied provided he complies with all the strict formalities required. The maximum is two-thirds and the lowest one-half of the appraised value. The procedure of granting the loan is cumbersome, but absolutely assures against frauds and mistakes. All expenses are borne by the borrower. When everything is settled he executes his note and mortgage to the association, which gives him not cash, but debentures exactly representing his loan, which must be a first lien.

If waste is committed or threatened the association may take possession of the mortgaged premises. In the event of default it may levy on all personal property and sell the same simply by serving notice. If the proceeds of the sale be insufficient, it may then attach the land, and if its managers cannot get enough out of it to pay up the overdue installments, it may obtain an order of sale simply by showing the arrears from its own books. The court cannot go into the merits of the case.

The characterizing features then of all the old *Landschaften* are co-operative credit, unlimited liability of members and the right of the association to take possession of the property of a debtor and force a sale without resort to regular foreclosure proceedings. This legal anomaly is owing to the fact that the *Landschaften* are practically Government institutions, and their officers quasi-public officials endowed with judicial and executive powers on all matters between themselves and the members, and these members are subject to their orders and are bound under heavy penalty to perform all duties imposed upon them. Thus the business of the associations is transacted at the lowest cost.

In 1893 nine of the old *Landschaften* founded a central *Landschaft* to which eight still adhere. It buys the

debentures of the Provincial ones, taking an assignment of the underlying mortgages, and issues against them its own debentures, which find a ready sale in the international market.

The interest the debt pays to the *Landschaften* is from $\frac{1}{2}$ to 1 per cent. higher than what their debentures yield. The highest return paid by debentures is 4 per centum. The total outstanding debentures exceed \$700,000,000. The proportion of these funds that reached farmers is not specified. The *Landschaft* of Saxony does a heavy business in farm mortgages.

CRÉDIT FONCIER.

The success achieved by the *Landschaften* in mobilizing real estate securities in Germany excited emulation in her adjoining neighbor, and brought about the founding of the "Crédit Foncier of France," the greatest land credit institution that ever existed. Its promoters discarded the principle of co-operation, but adopted the business methods of the *Landschaften*, and also obtained for it the privileges that made those associations so effective. It is purely a joint stock company, and its chief object is to earn dividends for shareholders, but it stands high in the favor of the people, and has done inestimable good in France and the colonies, while it has served as a model for similar concerns in all other European countries, and in several South American Republics. The role of a regulating establishment which the great central bank of France plays in regard to commercial credit devolves, in effect, upon the *Crédit Foncier* in the matter of real estate credit.

At the time of its formation land and rural credit facilities were in a bad shape in France. Agricultural societies and conventions, prominent citizens, and the Legislative Assembly had discussed plans of amelioration and voluminous books had been written and projects proposed without number. The outcome of the agitation was a national association of persons most deeply interested, who framed

distinct proposals for the establishment of a land bank. Then the Government took up the matter, made an official inquiry of all projects, examined economists, financiers, public officials and lawyers, and appointed a commission to carry on the investigation and make a report. The result was the enactment in 1852 of a general law for land mortgage banks under which the *Crédit Foncier* was immediately formed.

This law provided for government control by the departments of Agriculture, Commerce, and Finance, and allowed the State and *arrondissements* to assist the banks by investing in their debentures. In 1854 the *Crédit Foncier* was given a monopoly of all rights under this law, and a subvention of \$2,000,000 as a guarantee fund. The Government also bought a quantity of its debentures and permitted the other political divisions of the State to do the same. Furthermore, the original triple system of control by the departments of Agriculture, Commerce, and Finance was abolished. In place thereof a simpler form was substituted. The monopoly was not renewed, but it lasted long enough to put the *Crédit Foncier* above the reach of all possible competitors and start it on the highway of success, where year by year it has steadily advanced under honest and capable management.

The legal privileges that the *Crédit Foncier* enjoys and the safeguard that have been thrown around it are these:

1. Its Governor and two sub-Governors are appointed by the President of the Republic.
2. Three members of the directorate must be chosen from the chief officials of the Government treasury.
3. It may use the Government treasuries for the receipt of its dues, and the deposit of its surplus funds.
4. The taxes and stamps for registration and the transfer of its debentures are less than for others.
5. Its debentures may be made payable to bearer and the courts cannot recognize any claims by a third party

for these bonds, except only in cases of loss or theft.

6. Trust funds may be invested in its debentures.

7. The mortgages it holds are not required to be registered every ten years as the general law provides.

8. By a special law it is afforded a cheap and speedy method of freeing the title to real estate of all possible claims of third parties. This proceeding is called "the purge," and when taken makes the mortgages absolutely prior liens.

9. It does not have to resort to ordinary foreclosure for the recovery of a loan. The court cannot grant the defaulter any delay. The mortgaged property may be attached by order summarily obtained from the local civil court. If a dispute arises it is also forthwith decided by the court. During attachment it has the right to all rents and returns of the estate subject only to that of the Government's and the court costs. It can proceed without attachment to sell the property after due notice is given and published, in the event that interest or dues are not paid, or if waste or deterioration occur, the sale being made at public auction at the civil court, or by the court's permission—at a notary public's office. The proceeds of the sale are handed over to the Company up to the amount of its claim, no adverse claim being allowed. Installments paid to it by a debtor cannot be attached by order of any court in behalf of a third party.

10. Its debentures may be issued payable to bearer and have no fixed time for maturity.

11. Its debentures may be made repayable with prizes and bonuses.

12. The amount raised by the issue of debentures must not exceed that of the loans due to the Company.

13. It can make loans only upon a specified portion of the value of lands.

14. The shares issued by the Company must be kept at the ratio of at least one-twentieth of the debentures in circulation.

15. The maximum rate of interest to its debtors is fixed by law.

16. It cannot buy or make advances on its own debentures.

The Governor of the *Crédit Foncier* receives a salary of \$8,000 per year, and holds office for life. The two sub-Governors receive salaries of \$4,000 per year. Their tenure of office is also for life.

The Board of Directors are not salaried but are paid for attendance at each meeting. None of their decisions are valid unless approved and signed by the Governor. They are not personally responsible for acts done by them as officials.

The *Crédit Foncier* grants mortgage loans only on first liens. The property must yield a certain and durable rent. It avoids loans on theatres, mines, quarries, and on properties of which the title is divided. The amount of the loan must not exceed that of one-half of the value of the property, or one-third of such value for vineyards, woods, or plantations.

Factory buildings are estimated only at their intrinsic value.

A borrower may repay in whole or in part any time, either in cash or with debentures of the Company of the same series as the loan. The loan is liable to recall only if he sells the property without notice to the Company or allows it to deteriorate. Interest is paid at the rate fixed by the Board of Directors.

The short term loans of the *Crédit Foncier* are repayable in lump, or by installments. The long time loans are repayable by annuities which include the interest and the contribution to the amortization fund. They are payable half-yearly in advance. They are determined by the interest rate in combination with the duration of the loan and are calculated to extinguish the debt within a period of ten years or more.

The *Crédit Foncier* may also make loans to municipalities without mortgage. The laws and regulations are the same in both cases. The loan ac-

counts on mortgages and to municipalities are kept separately and the sums due thereon are preferentially assigned for the payment of the "land mortgage" and the "communal" debenture that are issued against them.

In addition to these two operations the law allows the *Crédit Foncier* to use any other system, with the Government's sanction, to improve the soil, develop agriculture, facilitate loans on immovable property and extinguish existing debts thereon. Under this clause of the statutes the powers have been extended so that now it takes the bonds of the big contracting and building company, and also lends money to a land mortgage bank in Algiers.

The *Crédit Foncier* may also receive deposits up to \$20,000,000, one-fourth of which must be placed at account current with the treasury at a rate fixed by the Minister of Finance. Securities may be handed over in lieu of cash if he consents. The balance of the deposits must be invested in Government or Treasury bonds, or (with a few exceptions) in such paper as is accepted by the Bank of France.

In no other cases can the Company enter into transactions not strictly connected with loans to municipalities or land-mortgage debentures business.

The capital of the *Crédit Foncier* now stands at \$40,000,000, represented by 400,000 shares of \$100 each. Its market price stands around \$168. It paid a dividend of 5 per cent. of its profits and turned the balance over to the obligatory reserve in accordance with the law that requires not less than 5 per centum and not exceeding 20 per centum of the profits to be thus put aside each year until it equal one-half the capital stock. All amortization annuities, and such other sums as the Board of Directors may decide, also go into the reserve. It now amounts to about \$55,636,000.

The total outstanding debentures of the *Crédit Foncier* now amount to \$920,000,000. They were issued in series, the oldest of which dates back to 1899. They have no fixed time for

maturity. But the annuities from the mortgages have been so calculated as to bring in funds equal to their face value within 60 years (in most of the 13 series outstanding) but as far off as 98 years in some cases. As soon as this happens individual debentures are drawn by lot and the holders are paid the principal, along perhaps with a handsome portion of the prize money that has been set aside to make the

drawings lively. Without doubt they tell the secret of the great market value of these obligations. A \$1,000 bond recently drew a prize of \$50,000.

In conclusion, we see that the co-operative credit banks serve for providing personal credit facilities usually for small amounts and short terms. The *Landschaften* and mortgage banks deal exclusively with landed proprietors.

FORT DEARBORN NATIONAL BANK OF CHICAGO

THE report of the bankers' convention at Detroit, published in last month's magazine, contained a portrait of J. Fletcher Farrell, treasurer of the American Bankers' Association, and underneath his portrait the surprising information was imparted that Mr. Farrell is vice-president of the Fort Dearborn National Bank "of Des Moines,

Iowa." Anyone at all conversant with early American history would not locate Fort Dearborn at Des Moines, nor would any banker locate the Fort Dearborn National Bank elsewhere than at Chicago. Nevertheless, the error is a regrettable one. The person responsible for it is now sleeping peacefully with his ancestors.

AN UNEXPECTED VISITOR

WHILE the directors of a rural Indiana bank were in solemn conclave recently for the purpose of cutting a watermelon and enjoying the frugal luncheon kindly provided for them by the thoughtfulness of the shareholders, they were startled by the sudden appearance amongst them of a lady of some 265 pounds avoirdupois, who had entered the room not by the customary means provided for that purpose, but who had unceremoniously come down feet foremost through a skylight just over the table where the directors were holding their deliberations. The impact of such a heavy body upon the table and upon the directors themselves caused great consternation, one director going so far as to

draw his revolver, evidently under the impression that this was a new way of robbing the bank.

It seems that the lady of great weight had used the roof of an adjoining building for drying the family wash, and having ventured too near the edge of the roof to which her operations should have been confined, she went over and plunged feet foremost through the skylight, landing amongst the local financiers, to their great amazement, and but little unhurt, save for a few slight bruises. One of the directors demanded that the weighty lady pay for the damage done to the skylight—a request which she courteously but firmly declined.

SAFE DEPOSIT

SAFE DEPOSIT SERVICE

By Raphael S. Payne

IN former articles the value and importance, the equipment, book-keeping and management of the safe deposit business were dealt with by the writer. This paper will treat simply of the service.

While the primary purpose and fundamental value of the system is protection against loss, dishonesty and damage, which demands strict adherence to the rules, it should be conducted with a certain amount of latitude. For example, the spirit of accommodation should be such that the customer will never hesitate to avail himself of his rights to access, personally or through deputy, no matter how often it may be necessary.

FACILITY OF ACCESS IN EMERGENCIES.

Moreover, in case of emergencies or death, every facility, with due caution, should be accorded the renter's legal representative. On the other hand, situations frequently arise, out of which grow disputes, which may cost an institution the loss of custom or a law suit. This can usually be avoided by adhering to the general principles of law which govern contracts, wills and banking transactions.

ATTITUDE OF FIDUCIARIES.

Cases arise where executors, administrators and guardians assume authority before being duly invested by the court with power to act. In illustration of this, upon the death of a testator, or the appointment of a guardian or committee, where a will or other paper is known to be in a certain safe deposit box, the legal representative, especially if a layman, is apt to be un-

der the impression that he can examine its contents and take possession of the documents upon giving a receipt.

The examination of a will might be permitted in the presence of witnesses, as a matter of courtesy and convenience. Legally, however, the institution would subject itself to liability, if it permitted any one to take possession of anything in the box, without first presenting a certificate of appointment and qualification by the court.

DISCRETION OF MANAGER.

Another point involving discretion on the part of the manager of a safe deposit department is where a patron has given explicit instructions not to reveal the fact that he is a renter. This confidence should be treated as a moral injunction and preserved inviolate. And yet if either the public or a family's welfare were at stake, the trust officer might be justified in giving the information.

A STUDY OF PEOPLE.

The safe deposit business, as conducted to-day in a big city, abounds with what the novelists delight to call "human interest." You must cater to all sorts of temperaments and characteristics, and never lose sight of the fact that your authority of itself signifies service. Entrusting, perhaps, a large inheritance, or the fruits of a life of industry and frugality, or valuables of sentiment which cannot be duplicated, to the custody of another, creates a peculiar and serious responsibility. It partakes very much of the relation and confidence that existed between the old-school lawyer and his

client. This sense of responsibility and vigilance not only implies but commands for the public a service that should be not only faithful, but intelligent, uniformly courteous and cheerful.

CONFIDENCE BRINGS CLIENTS.

If absolute confidence is once established, and then supplemented by alert, ready and pleasing service, the renter is sure to become a friend of the bank or trust company, and in that capacity prove instrumental in introducing valuable patronage. A "good will" should be created, which only death can revoke, and the probabilities are that this subtle quality which marked the transaction in the past will survive the renter and find expression in the custom of his heirs, maybe his counsel, who in turn may recommend other clients, and so on *ad infinitum*—an encouraging prospect when you must enter up: "Keys and Box Surrendered."

SOME PERTINENT SUGGESTIONS.

From observation it is apparent that there are numbers of people who are not comprehensive newspaper readers, and, therefore, overlook a great many important events; for instance, legal holidays. To save customers inconvenience, time and annoyance, a good idea is to post in each coupon booth a neatly type-written card citing the date of every bank holiday for the current year—municipal, State and national—observed in your particular locality. Daily and Saturday bank hours might also be emphasized on the same bulletin. In these booths, when constructed against a wall or partition (which is often necessary to secure the proper light and economize space), little racks should be hung free of the desk to hold coupon envelopes, memorandum pads, blotters, scissors, rubber bands, etc., all of which are necessary. In this way the renter, when he examines his box and wants to figure or do any writing, will not be encum-

bered. Each booth should be equipped with a waste basket and hooks for hats and coats.

A GOOD INVESTMENT.

Where a safe deposit department is an adjunct to a bank, it can hardly fail to prove a good investment. Gross receipts should really represent net profits; for if economically managed, after the original outlay the annual expenses should be relatively small. But waste will creep in and at the end of a year figure in expense account, if little things like rubber bands, engraved letter heads, pens and pencils are given out with a too prodigal hand.

WOMEN PATRONS.

As there are so many women who transact business to-day, a "ladies' room," in charge of a maid, has become a popular feature of almost every well appointed institution. It is not only attractive but fits in well with a safe deposit department, as children often accompany their parents and sometimes might be in the way. Then, too, the women invariably have with them shopping bags, packages or library books, which can be left with greater security and less chance of the whereabouts of these articles slipping the memory.

A PROFITABLE ADJUNCT.

A useful and valuable adjunct to a safe deposit department is a special vault, separate and distinct, for silverware in bulk, ornaments, paintings, musical instruments, rare books, in fact almost any valuable about a home, too large for the space of the ordinary safe deposit box. If a customer thus finds that he can combine his wants and have them met at the same place, you are likely to get all his business and retain him as a permanent client.

VAULT IN THE NEW HAMPSHIRE NATIONAL BANK, PORTSMOUTH

ONLY recently completed, the vaults in the new building of the New Hampshire National Bank, at Portsmouth, N. H., are notable as incorporating in an unusual degree up-to-date designs and methods of resisting new as well as old processes of attack.

First of all, they are thoroughly fire-

Interest centers, naturally, upon the massive door which guards the entrance to this vault, and the impression of tremendous strength is fully warranted by its real character.

Being a foot and a quarter in thickness, and weighing approximately sixteen tons, it is one of the strongest



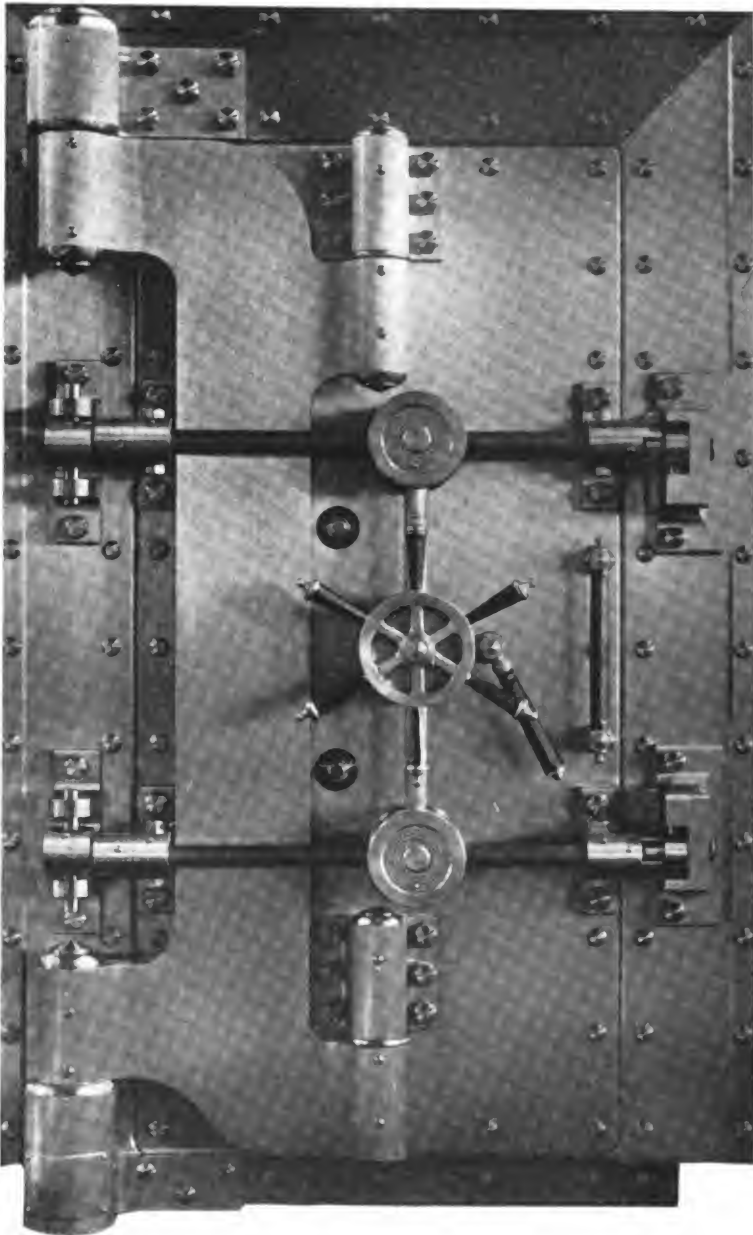
SECURITY AND BOOK VAULT DOORS CLOSED, NEW HAMPSHIRE NATIONAL BANK, PORTSMOUTH

proof, a quality not always possessed by even more pretentious structures, as has been demonstrated in recent fires.

The security vault is of exceptionally heavy construction; the exterior walls are of rock-concrete, reinforced with a steel grillage and lined with heavy alternating high and low steel plates, the whole providing resistance to shock, tools and the oxy-acetylene cutter burner, an instrument that cuts steel as readily as a saw cuts wood.

doors in New England. The absence of the usual small steps or rebates at the edge gives a so-called "battleship" effect and eliminates a usual source of weakness. The intricate-locking mechanism and massive bolting train, bear evidence of careful design and enormous strength, equal, indeed, to the security of the door itself.

The hinge system is not the least interesting feature of the work, as it carries the immense weight of the door



SECURITY VAULT DOOR CLOSED, NEW HAMPSHIRE NATIONAL BANK, PORTSMOUTH

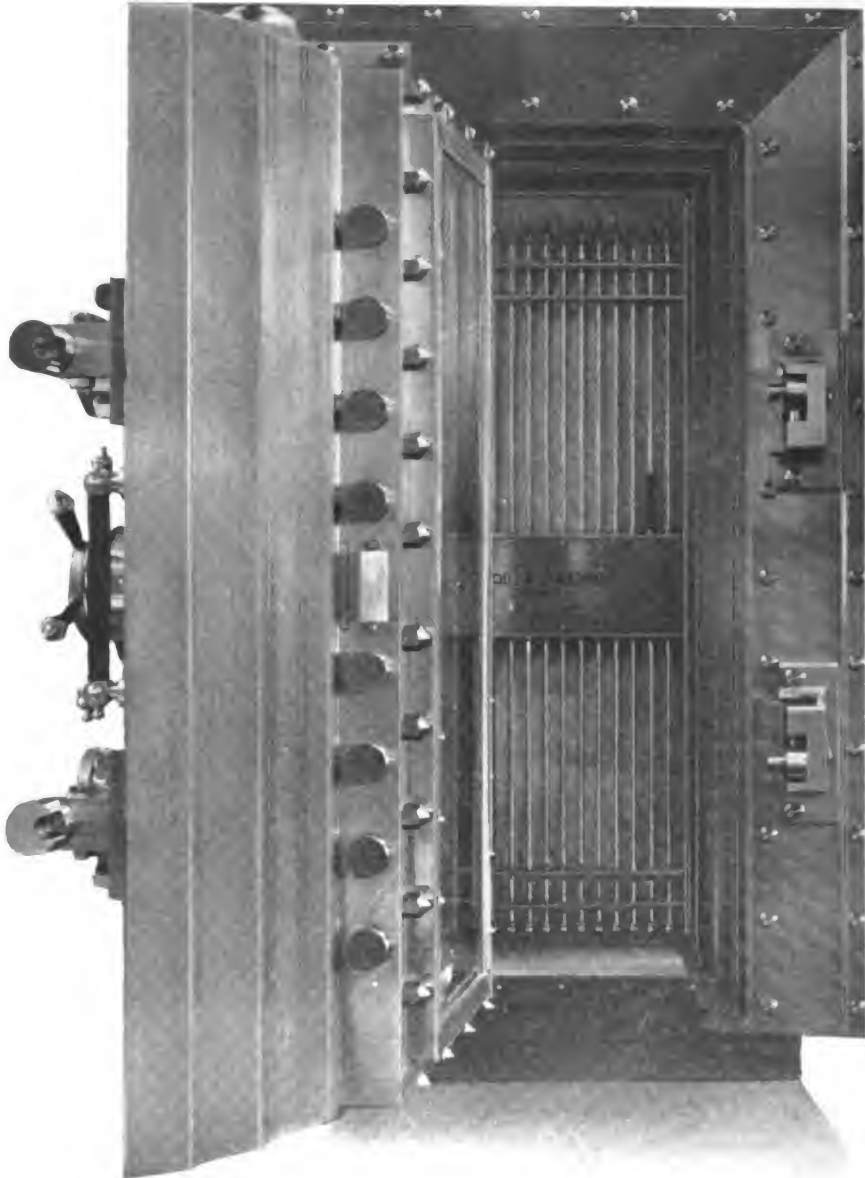
without the slightest quiver, and so well balanced are the compound anti-friction ball and roller bearings that the huge door can be swung into position by a child.

The seating, or pressure mechanism,

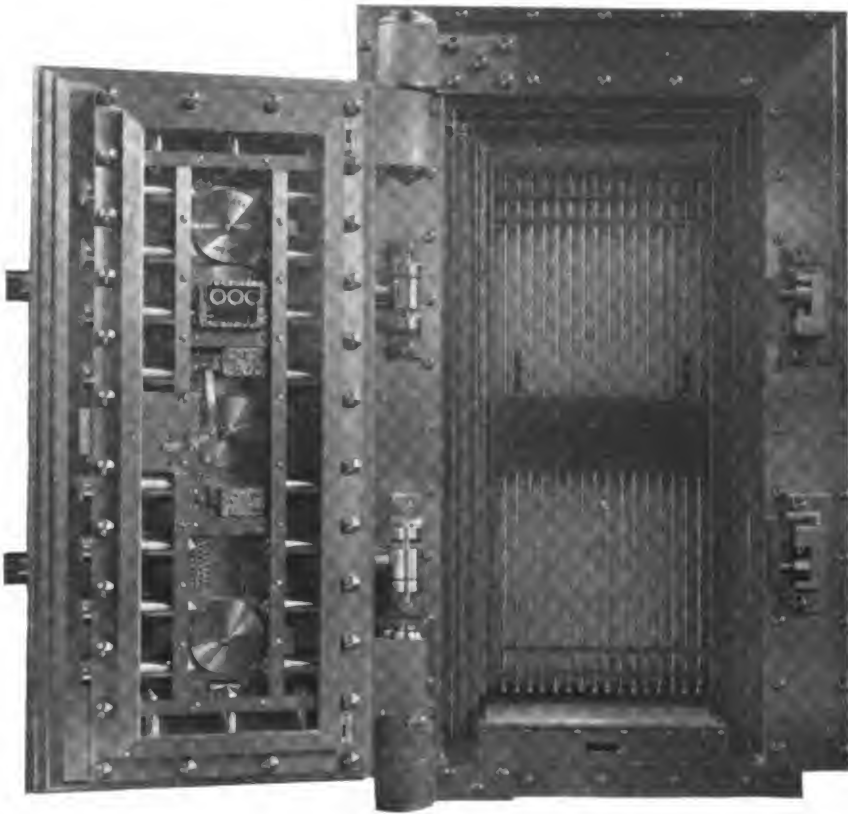
is a somewhat complicated system of spur and worm gearing and reciprocating cams, operated synchronously by a hand wheel upon the face of the door; its function is to force the door squarely into its seat, under an enormous

pressure, which, acting upon rows of packing, make the door joint absolutely air and liquid tight, and effectually prevents the introduction of liquid or other explosives—even those in a gaseous state.

The vaults are open to inspection on all sides, top and bottom, and this is one of the fundamental elements of protection, as no matter how strong a vault may be, if it is located either directly upon the ground or against a



SECURITY VAULT DOOR OPEN, SHOWING ITS GREAT THICKNESS, NEW HAMPSHIRE NATIONAL BANK, PORTSMOUTH



VIEW SHOWING BOLT WORK OF THE SECURITY VAULT DOOR, NEW HAMPSHIRE NATIONAL BANK, PORTSMOUTH

wall adjoining property not under the direct control of the bank, tunnelling or boring is always possible.

The interior of the vault is fitted with steel chests holding the securities and moneys of the bank, and safe deposit boxes for public rental.

These receptacles are exceptionally well constructed and have already found favor in the eyes of the bank's customers and others.

The general finish of the work is of polished steel, which gives the deserved impression of impregnability.

On the whole, the bank and its depositors are to be congratulated upon securing a strictly high-class, up-to-date "strong room."

The work was done under the engineering supervision of Frederick S. Holmes, vault engineer of New York.

PRACTICAL BANKING CONTRIBUTIONS WANTED

HELPFUL articles relating to the everyday work of banks savings banks and trust companies are desired for publication in *THE BANKERS MAGAZINE*.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods,

systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

BANKING PUBLICITY

Conducted by T. D. MacGregor

KEEPING TAB ON NEW ACCOUNTS

By C. E. Auracher, Cedar Rapids, Iowa.

BANKERS acknowledge that it is a difficult problem to trace accurately the results from their advertising, and it may be safely said that many have not worked out a plan whereby there is furnished an available record showing definitely the total number of new accounts opened during any one period or year, or the source of these accounts.

An assistant cashier, who handles the advertising of an Alabama bank, writes as follows: "We advertise in the local papers of this city and in other newspapers in the district, also in several of the banking magazines and bank directories. It would be difficult to say what line of advertising brings the best results, but possibly the advertisement that is sent direct to the person and followed up would be the most productive of results."

This statement is applicable to many banks over the country. The banker advertises according to his best judgment, he selects those mediums that appear to be most effective, but in many instances no effort is made to trace the source of new accounts and give credit to the proper advertising. As long as banks advertise without giving attention to a record of results there is bound to be some waste in the advertising appropriation. The banker should know more about his advertising than that it pays in a general way. The average results may be good, but when it is known which mediums pay best, those mediums that are least productive can be weeded out.

There is a great deal of satisfaction in having detailed information on results from advertising, in addition to the figures shown in a comparative table of deposits, covering a number of years.

The cashier of a bank in California,

where the population of a city may double in five or ten years, proved to me that while his city grew in the last twenty years from 10,000 to 45,000 inhabitants, his bank increased its resources seventy times—from \$100,000 to \$7,000,000. Whatever advertising was done, it received credit for at least a part of this remarkable growth. Yet, the credit was given to the advertising as a whole; there was no division, because no record of new accounts was at hand to show from what sources they came.

The following plan is employed by a Pennsylvania bank in keeping a record of new accounts, "for the reason," says the banker, "that we get best results from getting people into our building and showing them our equipment, which we consider our best advertisement, since the bank is young, having been started last January. Two weeks or so after a man opens an account, we send him the following letter:"

Dear Sir:—

You being among those who contributed to the satisfactory growth of this bank during the last month, I take this opportunity to thank you for the deposit with which you have entrusted us.

The bank is the department store of finance, and we trust you will give us further opportunity to serve you in other departments of this financial store. Our modern building and equipment enable us to meet every demand of a financial nature.

The man on the outside quite frequently sees ways in which the public could be better served, and we ask your co-operation in our aim to give efficient banking service. Any suggestions you may have to offer, whether arising from your own personal needs, or from your observation of the wants of others, will always be welcome.

As a depositor of this bank, you are doubtless interested in its continued growth and development. Will you favor us with the names of any whom you think might be

induced to give us their business? The enclosed form is for that purpose, and we will appreciate the confidence you will show us in using the same.

Again thanking you for your patronage,
I am, Respectfully Yours.

The form enclosed with the above letter is simply a blank upon which the customer of the bank may write the names of ten or a dozen of his friends or acquaintances whom he may think may become depositors.

"A large percentage of these new customers," continues the banker, "who receive the letter and blank, send in lists of their friends, to whom we mail the following letter":

Dear Sir:

A friend of yours does his banking with us. He is well enough pleased with this bank to have his friends deal here, and gave us your name as a prospective customer.

From the enclosed folder you may get some idea of the banking facilities at your command here—perhaps you have heard of them through your friend—but it takes a personal visit to fully appreciate them.

I extend you a cordial invitation to call just as soon as convenient, and assure you it will be a pleasure to me to show you through our new building. Bring your friends with you. It will be well worth the trip, just to see how a modern bank is equipped.

You will find the officers right in the front, glad to meet old friends and eager to meet new ones. Come in, and we will make you feel at home.

Cordially Yours,
President.

As new accounts are opened, the names are easily checked with the list secured from the forms enclosed with the first letter. The names secured from the forms make up a live list that may be followed up with advertising literature and letters.

The varying conditions of different banks require other methods of keeping an advertising record. The plan given below, which is carried out by an eastern bank, will show what is being accomplished by the advertising, and may be easily applied to the average bank, with minor changes to suit conditions. Such a record will show whether the advertising appropriation is profitable or not; it will determine those methods and mediums which

bring the best results and thus give the banker a good reason for discontinuing any advertising that does not warrant its cost.

Since banks, as a rule, cater to a very large range of customers, soliciting both large and small accounts from different classes of people, it will be beneficial to know just what class of advertising pays, and what class of customers is being reached.

Every new account opened is noted by the teller receiving it, either on a card or printed slip, giving the information as to the name and address, stating the amount deposited and the date, with the stamp of his department upon the slip. In addition to this information, a good teller can secure in most instances, the facts as to just why the account was opened—what advertising influenced the customer, who recommended the bank, or what induced the individual to come to the bank to open an account. The method of securing this additional information must, of course, be suited to the individual and the circumstances. But in the majority of cases, the teller will be able to get some information from the new customer.

The teller turns over to the man keeping the advertising records, all slips made out each day. A chart is arranged upon a small card giving the various classifications into which the new accounts fall, which will vary according to the location of the bank and the business accepted. There are three general divisions used by this particular bank, namely, white male, white female and foreign, indicated by "A," "B" and "C". Each of these three general divisions contain nine subdivisions:

1. City—not on mailing lists.
2. In city directory—not solicited.
3. Account solicited by form letter or other direct method.
4. Country—not solicited.
5. Country—solicited.
6. Old depositors in new capacities.
7. Social, fraternal and other organizations.
8. Renewed accounts—city.
9. Renewed accounts—country.

A glance at the chart will give the proper classification which is noted in the corner of the new account slip by the teller. At the end of the month the slips are sorted according to the marks and counted; the average amount deposited by each class ascertained, and both the number and the amount com-

pared with the previous month and the corresponding month of the previous year.

By keeping note of each account that is closed and each re-opened account, which can be done readily by the book-keeper, the net gain or loss for each month may be calculated.



A CAMPAIGN OF EDUCATION

HOW A LIVE SPOKANE INSTITUTION IS TELLING OTHER BANKS ABOUT "THE INLAND EMPIRE"

THE Old National Bank, a one-million dollar institution in Spokane, Wash., has started an advertising campaign to educate bankers of other parts of the country concerning the Spokane country, "The Inland Empire," as it is called.

The map and advertisement reproduced herewith are part of this campaign, which is described by Assistant Cashier W. J. Kommers, as follows:

"Banking items for Spokane and the Inland Empire are continually

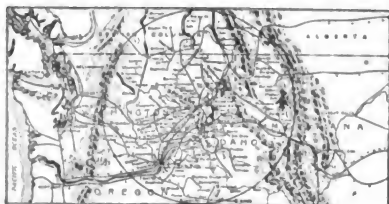
reaching us in a circuitous manner that indicates ignorance of Spokane's geographical location. The commonest mistake confuses Spokane with the Puget sound cities, but we often have routings that show that eastern bank cashiers have this city pictured as being somewhere in the general region of Denver or Salt Lake City.

"After this, whenever such a mistake is made, the offending banker will be sent a copy of our circular, with its strikingly colored map, which can hardly fail to teach a lesson. On the circular above the map we have printed the distances from Spokane to other important western cities, showing conclusively that the city is the capital of a unified region which, as we point out, has an area three times that of Alabama."

The circular referred to is an attractive and convincing one, the multi-colored map within the circle being especially effective. Some of the points brought out in the folder are these:

Spokane is now the greatest railroad center west of the Missouri River, being entered by five transcontinental lines and many other railroads.

Spokane is the capital of a commercial empire, containing one hundred and fifty thousand square miles, parts of four great States and British Columbia. The boundaries of this region are clearly defined and unify it as a distinct territory. The Rocky Mountains lie on



Save Time in Routing Your Items

The circuitous manner in which items on Spokane and the "Inland Empire" (within the circle on the above map), reach this bank daily suggests very strongly that a needless loss of time might be obtained if the natural geographical location of Spokane and its advantages as a railroad and distributive center in the vast and productive empire immediately tributary to it were better understood.

If your institution ever has any collection items

On the "INLAND EMPIRE"

study the map printed herewith and ask us to send you our circular showing how much of the time now being wasted by the indeterminate routing of items on Spokane and contiguous territory could be saved.

The Old National Bank now has direct connection with practically every point in Eastern Washington, Northern Idaho, Northwestern Oregon, Western Montana and British Columbia. The attention of Bankers and Trust Companies of the East and Middle West is particularly called to this fact.

A demonstration of our efficient service will be gladly given

THE OLD NATIONAL BANK
OF SPOKANE, WASH.
Capital One Million Dollars

GETS RIGHT DOWN TO BUSINESS

the East and the Cascade Range on the West, having between them an area rich in the resources of mine, farm and orchard, timber land and water power.

Spokane, with more than 100,000 population, is the financial and commercial center of this district, abounding in cities and towns.

Referring further to the use of this circular, Mr. Kommers says:

This folder, though complete in itself, is to accompany each letter sent out to an eastern bank where we call attention to a specific instance of bad routing. In this letter we expect to give the history of the actual routing of the check or draft, as gathered from the endorsements on the back of the item. In many cases we can blue pencil the routing on the map itself, and thus by word or picture illustrate the circuitous route by which the item reached us. In every case we intend giving the actual number of days lost in transit.

This plan should prove an eye-opener, especially to the eastern banker, who has come to rely on his intermediate collection correspondent for an intelligent and expeditious, if not direct, routing of his items. He, in turn, is depending similarly on someone else, with the result that items come to us after passing through a long chain of banks, travelling hundreds and even thousands of miles needlessly and incurring a delay of from six to eight days.

The law of "Due diligence" being still a force with the courts in case of loss or damage, and the abuse of indiscriminate routing of checks without regard to geography, but rather with a desire for holding up interest bearing balances, is becoming more and more to be recognized as an evil that should be abolished. Hence the evolution of the 'Transit Department' in nearly all of our reserve city banks—in many instances highly specialized departments—the managers of which are earnest and determined to improve this branch of the service of their respective banks. It is our belief that if attention is called to the bank from which a long delayed item originates, the matter will be investigated and our map will prove a help.

Again, not many easterners realize that Spokane lies 385 miles inland; is situated in the heart of an empire three times the size of the State of Alabama; is the natural distributive and railroad center of this vast territory; and that the city of Spokane is as far distant from the Pacific as is Buffalo from the Atlantic. Altogether, we hope much educational value will result from our plan.

This live western bank shows commendable enterprise in all its advertising and we have no doubt that this country-wide campaign will prove successful.



HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Advertising

KENNETH S. HOWARD of Rochester, N. Y., writes:

In your department of "Banking Publicity" I have frequently seen references to special advertising campaigns of banks and trust companies, and thought that you might possibly be interested in the enclosed advertisements, which are some samples of a series that I prepared for the Security Trust Company, this city.

These advertisements appeared daily in one of our local papers for a period of five months the first part of this year, and a series of folders was used in conjunction with them, one folder a month being mailed to a picked list of prospective clients.

While, of course, it is a matter of slow education to get business for the trust department of a bank, this advertising has certainly interested people and already brought direct returns.

These ads., some of which are reproduced herewith, are quite satisfactory and illustrate the value of a bank's employing specialized service in the preparation of its advertisements.

The Farmers Bank of Osyka, Miss., gives in a newspaper advertisement a practical talk on "Overdrafts," as follows:

When a depositor draws out more money than he has in bank he ceases to be a depositor and automatically becomes a borrower without conforming to the rules governing loans.

No Board of Directors can legally authorize overdrafts, and an officer who persistently permits such irregular banking

When a Man marries

Just as soon as a man marries he should protect his wife by making a will. The will can be changed at any time to meet changed conditions.

By naming the Security Trust Company as executor you secure the highest class of services for your estate.

Step into the bank and ask our Trust Officer about the cost of these services, or write for a copy of the folder "What is the Cost?"

Security Trust Company
Main Street East and Water Street South

A Lost Will

Sometimes when a man dies his will can not be found, although it is known that he made one. This occasions great trouble in settling his estate.

When the Security Trust Company is named executor, the will may be deposited in its vault. There it is perfectly safe, and it will be delivered to the surrogate for probate on the death of the maker.

The Security Trust Company acts as Executor, as Administrator and as Trustee.

Security Trust Company
Main Street East and Water Street South

INTERESTING

methods lays himself liable to a charge of fraud, dishonesty, wrongful abstraction, misapplication or connivance. No friend of a bank official would knowingly place him in such an awkward position and no one else should.

We have always deprecated overdrafts. Upon meeting the proper requirements, we are always glad to accommodate our patrons. If we were in position to permit an overdraft we would certainly be able to extend a like amount on a secured note. There are certain rules governing good banking which prohibit the making of further loans, and if at such time the bank was not disposed to make a secured loan, it could certainly not allow an overdraft.

If there is a doubt about having enough money to meet your check, do not draw your check. A bank account is the best test of your success or failure in life. Let the doubt be in favor of the bank and endeavor to make your account grow.

"Investment Principles" is the title of a strong folder issued to advertise the Bond Department of the Wachovia Bank and Trust Company, Winston-Salem, N. C.

The Bank of Palm Beach, West Palm Beach, Fla., sends us several large space newspaper ads., which are interesting and well displayed. Here is the copy of one of them:


IMPRESSED.

When the Bank Examiner comes along and remarks on the large amount of immediately get-at-able paper we hold and commends our course it makes us feel good, and naturally so. When he tells us he wonders why other banks do not take the same precaution, keeping their assets liquid and moving we feel that he has delicately complimented us on our management.

We do not care for higher commendation than the good opinion of the Banking Department and the faith of the general public.

The New Farley National Bank of Montgomery, Ala., sends out a form letter soliciting business from other banks. The letter is printed over a "tint block" cut, which gives the letter great distinctiveness.

One of the most apt uses of a quotation in a bank advertisement is that



**CORN EXCHANGE
NATIONAL BANK**

Philadelphia

The world generally gives its admiration not to the man who does what nobody attempts to do, but to the man who does best what multitudes do well.

—Macaulay

VERY APT

from Macaulay in the newspaper advertisement of the Corn Exchange National Bank of Philadelphia.

The collection of seven bank advertisements from a Minneapolis newspaper is typical of what is to be found in almost every city newspaper in all parts of the country—the bank ads., good, bad and indifferent, all herded together. Most of these happen to be



WAGE EARNERS

Save a dollar out of every twenty you earn, at the "Hennepin County Savings," and you will have in a few years a fund which will put you in possession of a home, give you a business start, or educate your children.

Meanwhile, your savings will be a bulwark against sickness, accident or layoff.

It may be hard at first to save this amount, but it will become easier as your progress. Interest earnings will help too.

FOURTH ST. AND FIRST AVE. SO. OLDEST SAVINGS BANK IN MINNESOTA.



4%

Interest on Money

You can save \$1 each week. Deposit that amount with us weekly and watch it grow. The following table indicates what thousands of people of moderate circumstances have actually accomplished.

Put in let year
\$251.02 2nd year
\$491.02 3rd year
\$660.44 4th year
\$854.03 5th year
\$1,046.09 6th year

Deposits of One Dollar to Five Thousand Dollars accepted.

Start Your Account Today.

The Savings Bank of Minneapolis
200 Fourth Street So.

LOCAL HISTORY

is a topic that appeals to all classes of people. A bank comes into closer association with more of a city's population than any other sort of commercial enterprise, and a history of one of the leading financial institutions of Minneapolis ought to be of considerable interest to the public.

THE SECURITY NATIONAL BANK

will occupy this newspaper space for a time with a story of the bank's organization and growth, continuing from one day to another, and later on will publish some statistics regarding its business that are thought to be of general interest.

The first article will appear in the issue of August 23rd

MONEY TO LOAN

With-out commission
At current interest rates.
In amounts of \$500 to \$100,000.
On improved city real estate worth at least two and one-half times the amount loaned.

FARMERS & MECHANICS SAVINGS BANK
118 South 4th St.



Capital - - \$500,000.00
Surplus - - 100,000.00

Commercial Department
Savings Department
Foreign Exchange Department

The Conservative, Appreciative and Accommodating Bank.

THE Northwestern National Bank

Capital and Surplus, \$5,000,000

Over two hundred active officers and clerks cooperate to maintain the high standard of service to its customers which this bank has set during forty years of successful banking in this community.

AFFILIATED WITH

The Minnesota Loan and Trust Co.



This Bank was founded in 1857.

When a bank is distinguished by fifty-five years' continuous service, there is little question as to the quality of its Security and Service.

Checking Accounts a Specialty

Capital and Surplus \$4,000,000

FIRST NATIONAL BANK

ALL ON ONE PAGE

good ones. A correspondent familiar with the local situation informs us that the Hennepin County Savings Bank and the First National Bank are the only ones represented in this collection which employ outside aid in the preparation of their copy. He criticizes two of these advertisements particularly, thus:

The Security National has fought for a long time the idea of advertising in the newspapers, any more than a standing card. They have now blossomed out with some

"local history," which I am at a loss to understand how they expect to turn into deposits. The Northwestern National Bank have repeated their advertisement for weeks, and I estimate, with my knowledge of Minneapolis newspaper rates, and the number of papers that I know they are using, that this publicity is costing them at least \$10,000 a year.

Minneapolis banks are spending large sums on newspaper publicity, much of which is, to my mind, wasted.

We do not agree with our correspondent entirely in regard to the use of local history in a bank ad. That can

be used to attract attention and hold interest, but the advertisement should also invariably contain some strong points concerning the bank's service. But we do agree with him that it is a mistake to run one advertisement, with copy unchanged, week after week.

How would you like to see the *same news* in your paper day after day?

The Omaha National Bank in a good little folder gives ten reasons why the bank has grown, as follows:

First: Its capital of \$1,000,000 and surplus of \$500,000, makes it a safe depository for your funds.

Second: For the past forty-five years it has been well known for its solidity and conservatism.

Third: Its central location at the corner of 17th and Farnam streets.

Fourth: Its affairs managed by officers with years of experience in the banking business, supervised by directors who are successful men of affairs and of unquestioned integrity and high standing in business and financial circles.

Fifth: Its modern way of conducting business, conservative, yet considerate of the loan requirements of its customers.

Sixth: The willingness on the part of its officers to confer with you on matters of business policy.

Seventh: Present depositors bring in new customers every day, which is proof that our service and treatment are satisfactory.

Eighth: It has a Savings Department for the convenience of those desiring unquestionable security for their savings, paying such rate of interest as may be expected from the investment of funds in the highest class of securities.

Ninth: It has a Women's Department for the exclusive convenience of its women depositors.

Tenth: It wants your account and agrees not only to safeguard your interests but also to afford you every facility and convenience for the successful handling of your business.

Two particularly good booklets that came to our desk last month were "Honesty, Efficiency, Courtesy," by The Cleveland Trust Company, and "The Bank and the Newspaper," a reprint of an address delivered before the State Secretaries' Section, A. B. A., at Detroit in September by Fred W. Ellsworth, Publicity Manager of the Guaranty Trust Company, New York.

The Citizens State Bank of Sheboy-

gan, Wis., issues some very effective small circulars. Its policy is stated in one of them thus:

To so conduct its business that it will enjoy the good will of its customers; the favorable opinion of its friends and the absolute confidence of all.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Windsor Trust Company, New York City.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

E. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

A. A. Eklrch, secretary, North Side Savings Bank, New York City.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 Farmers & Mechanics Trust Company, West Chester, Pa.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 C. W. Beerbower, National Exchange Bank, Roanoke, Va.
 B. P. Gooden, adv. mgr., New Netherland Bank, New York.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.
 A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. E. Auracher, The Bank Advertiser, Cedar Rapids, Iowa.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 Germantown Ave. Bank, Philadelphia, Pa.
 Frank K. Houston, assistant cashier, First National Bank, Nashville, Tenn.
 B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
 Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Union Trust Co. of the D. C., Washington, D. C.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.
 J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
 R. H. Mann, treasurer, Manchester Trust Company, Manchester-by-the-Sea, Mass.
 A. Bush, Jr., Ladd & Bush, Bankers, Salem, Oregon.
 Dexter Horton National Bank, Seattle, Wash.

LIBRARY OF THE AMERICAN BANKERS' ASSOCIATION

By Marian R. Glenn, Librarian

THE Library and Reference Department was created to provide a central place for the systematic collecting, preserving and making available of that information relative to banking subjects for which the National Association of American Bankers is naturally considered the source of supply to its own members, the press, students of finance or the general inquirer. The work of development began November, 1911, and the technical details of organization during these first ten months of its existence have, of necessity, occupied time and attention which can later be devoted to the broadening of that usefulness which seems to have already justified its establishment.

The original collection of less than 400 volumes has been increased to 1500. Of these additions six have been made by purchase, fifty by binding, and the remainder by gift and exchange, including two valuable sets of financial periodicals loaned by the Bankers' Publishing Company. The present collection consists chiefly of A. B. A. and State bankers' association proceedings, State bank reports, gov-

ernment documents, bound financial journals and general reference books. More general books on banking will be added as occasion requires, and as seems consistent with the belief that, at least in the initial stages of the department's development, expensive duplication of the ample resources of the large college and city libraries should be avoided and efforts concentrated on those functions peculiar to a specialized library relating to banking practice.

In making a library of this type a selection of banking information rather than a collection covering the broad field of finance, the acquisition of material most pertinent to live subjects of current interest has been considered of prime importance. As such subjects are seldom covered in book form until their period of timeliness to the banker has passed, it follows that pamphlets, press comments, addresses, magazine articles or the personal opinion of individuals in correspondence, etc., constitute the form in which desirable material must be sought. Securing the material in various ways from widely scattered sources, and the general routine of caring for it when

received need be only alluded to as requiring considerable time and technique.

Six thousand six hundred and twenty-six pamphlets, clippings, magazine articles, etc., have been mounted and filed in the library in such form that they can be loaned through the mail to any banker requesting their use for the preparation of addresses, papers or other reference. This material is in such demand that the records show it has been loaned from Canada to California and from Alabama to Australia. When the original material cannot be sent, typewritten copies are made, or supplementary reference lists compiled.

After books, etc., are received they are classified by a system adapted to the needs of a banking library, and catalogued on cards by author and subject. A single article or address may contain facts and figures of reference value on several subjects, and the care required to make this information available is indicated by the fact that four thousand entries were necessary to adequately catalogue merely the A. B. A. and State bankers' association proceedings. An index of valuable articles on banking in the standard financial magazines will be added to the general catalogue, as well as a record of the statistical data on such subjects in the Comptroller's reports since 1876.

Among the library's other resources are included pictures of bankers with such biographical data as it has been possible to secure; representative examples of bank advertising, and interior and exterior pictures of banks for the use of bankers in designing or remodeling buildings. As time permits, this growing collection will be supplemented by bank plans, studies of lighting, equipment, etc. Material of any kind is, of course, available at all times to the needs of sections, and the savings bank clipping files have recently been consolidated with the general collection through coöperation with the secretary of that section.

But as much valuable information relative to the development of banking in the United States is not available in

printed form, efforts are being made to secure from original sources personal reminiscences of bankers, anecdotes, comments, or summaries of local and national phases of banking history while the opportunity exists. In this way the association should eventually possess an unusual fund of interesting facts scarcely to be assembled elsewhere.

So little has been published on the detail of banking practice that one of the library's most important efforts is the genesis of a comprehensive collection of such information as will be otherwise unobtainable from a central source, and will be useful to bankers for comparison of methods and results.

But the library department must be both a collecting center and an active agency for the distribution of its resources. The answering of daily inquiries at the library or by correspondence involves research work, making of reference lists, compilation of statistics, and the sending out of material through the mail or by messenger. The demand for information on certain subjects is anticipated as far as possible, and special collections prepared and called to the attention of members through press or personal notices. As a public clearing-house for publications of current interest, the department has sent out over five hundred pamphlets on currency reform and similar subjects to bankers, libraries and individuals upon request, and has recently arranged to distribute the publications of the International Institute of Agriculture at Rome on foreign agricultural credit systems. Press articles on the work of the association have been prepared by the librarian, who is also interested in coöperating with existing agencies for the extension of certain of the association's activities.

With many details omitted, the work of these first few months thus briefly outlined should be regarded as merely preliminary and the results accomplished as only suggestive of the broader opportunities for service to the members of the association which time and increased resources will develop.

PANAMA-CALIFORNIA EXPOSITION

IT takes a big mind to conceive a big idea and a forceful personality to impress that idea on a score or more of hard-headed, skeptical business men in such a way that their enthusiasm shall be great enough to carry

the completion of the Panama canal.

Of the twenty-one directors of the exposition company, eight are prominent bankers of the city and largely interested in business affairs. Realizing thoroughly the magnitude of the



G. AUBREY DAVIDSON

PRESIDENT SOUTHERN TRUST AND SAVINGS BANK, SAN DIEGO, CAL.
VICE-PRESIDENT PANAMA-CALIFORNIA EXPOSITION

them over seemingly impossible difficulties, but such a mind and such an idea belonged to G. Aubrey Davidson, president of the Southern Trust and Savings Bank of San Diego, California, and father of the idea which is to result in a world celebration in that city in 1915, to honor

undertaking and facing the fact that San Diego, although at the time of the exposition's beginning but a town of less than 50,000 people, had pledged herself to an expenditure of at least \$3,500,000 for the fair, this group of bankers stood behind the exposition work with time, money and strength.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

FIRST NATIONAL BANK IN OPERATION IN THE UNITED STATES

NEXT year will mark the fiftieth anniversary of the inauguration of national banking in the United States and much interesting historical information will doubtless be forthcoming, both as regards the national banking system as a whole and individual banks having a na-

tional charter, especially those banks that began business in 1863.

To the First National Bank of Davenport, Iowa, belong the distinction of being the first bank to get into operation under the national banking system.

Owing to some unfortunate experiences



HON. A. F. DAWSON

PRESIDENT FIRST NATIONAL BANK, DAVENPORT, IA.

(THE FIRST NATIONAL BANK IN OPERATION IN THE UNITED STATES)



**FIRST NATIONAL BANK, DAVENPORT, IA.
COMMENCED BUSINESS JUNE 29, 1863**



ENTRANCE TO THE CUSTOMERS' ROOM AND SAFE DEPOSIT VAULTS, FIRST NATIONAL BANK, DAVENPORT, IA.

with the then existing State banks, both with respect to their notes and the Government funds deposited with them, and because of the lack of a bank especially designed to aid in supporting public and private credit, it was felt early during the progress of the Civil War that a system of banks ought to be provided for, chartered by the Federal Government, issuing notes secured by United States bonds, and while furnishing a safe and uniform note circulation, would also give to the country the advantages accruing from a carefully devised banking system.

The bill to carry out the aim of Secretary Chase and other advisers of President Lincoln, after being thoroughly debated in Congress, became a law on February 25, 1863.

While the debate was taking place in Congress, preparations were going forward in various parts of the country to organize banks under the National Currency Act,

as the law was then called. Led by Austin Corbin, a group of business men at Davenport, Iowa, had perfected plans for organizing the First National Bank of Davenport. They drew up and adopted formal articles of association which were forwarded to Washington, paid in the necessary capital and awaited the approval of the then Comptroller of the Currency, Hon. Hugh McCulloch. The Comptroller did not finally act upon this and other applications before him until June 22. On that date he empowered several banks to begin business, signing almost simultaneously the necessary authority. The First National Bank of Davenport was among those to receive his approval on that day, being given charter No. 15. One week later, on June 29, 1863, the First National Bank of Davenport opened its doors for business,



JOE R. LANE
VICE-PRESIDENT FIRST NATIONAL BANK, DAVEN-
PORT, IA.



LEW. J. YAGGY
CASHIER FIRST NATIONAL BANK, DAVEN-
PORT, IA.



LOBBY OF THE FIRST NATIONAL BANK, DAVENPORT, IA.

and was thus the first national bank in operation in the United States.

The other national banks which were chartered on the 22nd, with the original numbers lower than No. 15 of the First National of Davenport, began business some days later. The First National of Chicago, for instance, with charter No. 8, opened July 1.

Upon the retirement of Mr. Corbin, who made such a name for himself in New York City as financier and railroad builder, Ira Gifford was elected to succeed him as president of the First National Bank of Davenport. He was followed by Major T. T. Dow, and he, in turn, by James Thompson, who held the position until 1894, when Anthony Burdick was chosen. Mr. Burdick served as president for seventeen years, and retired in April of the present year on account of failing health. He was succeeded by Hon. Albert F. Dawson, the present president, who came to this position after serving as Representative in Congress for the past six years.

The election of Mr. Dawson to the presidency of the bank was a recognition of his fitness for the position on account of the extensive experience he has had in financial affairs. In 1904 he was elected as Representative in Congress from the Second Iowa district, and during his entire service of three terms was a member of committees which had jurisdiction over the financial operations of the Government.

At the time of the passage of the Aldrich-Vreeland Emergency Currency Act, in 1908, Mr. Dawson was a member of the steering committee which worked out many of the details in securing the passage of that law. It will be remembered that this bill was passed only after the Republican majority in the House had discharged the regular committee on banking and currency and entrusted the legislation to a special committee selected for that purpose. These steps were taken after numerous conferences, in all of which Mr. Dawson was an active participant.

Prior to his service in Congress Mr. Dawson was for six years confidential secretary of the late Senator Allison of Iowa during the period when that distinguished statesman was at the height of his power and influence in the Senate, and as such was a close student of finance and economics. He was associated with Senator Allison and other members of the Senate Finance Committee at the time the Gold Standard Act of 1900 was passed, and worked with the committee during much of its labors in the preparation and consideration of this measure.

During his twelve years' service in Washington Mr. Dawson was identified with appropriations committees of the Senate and House, being a member of the latter com-

mittee, which appropriates upwards of a billion dollars a year for Governmental purposes.

At the close of his term in Congress, in March, 1911, he was strongly urged to accept the position of private secretary to President Taft, but his desire to engage in banking in his native State caused him to decline this offer and adhere to his acceptance of the presidency of the First National Bank of Davenport.

Mr. Dawson was born in Jackson County, Iowa, in 1872. He received his education in the public schools of Iowa and in the State University of Wisconsin.

As a public speaker he has been much in demand, not only throughout Iowa, but elsewhere in the country. He is a logical and convincing speaker, and has been heard before gatherings of bankers in Washington and Baltimore as well as at various conventions in the Middle West.

Mr. Dawson is heartily in favor of the conservatively-progressive policy which has given the Davenport banks their present enviable position. The conservative part of this policy is evidenced by the fact that the banks there have accumulated surplus and undivided profits in excess of capital, while progressiveness is indicated by a deposit aggregate of more than \$28,000,000—far in excess of other places of much larger population. These facts indicate that the Davenport banks are both safe and enterprising.

The first cashier of this historic bank was D. C. Porter, who was succeeded by Lloyd Gage, brother of Hon. Lyman J. Gage, formerly Secretary of the Treasury. Following Mr. Gage the cashiers in succession were John B. Fidler, C. A. Mast, George Hohen, and L. J. Yaggy, the present cashier.

From time to time the capital of the First National Bank of Davenport has been increased, to meet growing business, until it is now \$200,000, and on the first of September of the present year the surplus and undivided profits were \$229,625, representing a fund in excess of the capital provided for the additional protection of the bank's patrons. The deposits have kept steadily growing until now they amount to \$2,298,000. In the past year the deposits have increased \$516,000, or about thirty-two per cent.

The officers of the bank are: President, A. F. Dawson; vice-president, Joe R. Lane; cashier, L. J. Yaggy; assistant cashier, W. J. Housman. Directors: Frank W. Mueller, Joe R. Lane, J. Morgan Reimers, A. F. Dawson, August E. Steffen, J. W. Gilchrist, John L. Mason, Geo. W. Cable, Jr., M. N. Richardson, Wilson McClelland and L. J. Yaggy.

These gentlemen comprise an experienced group of business men and bankers.



LOBBY IN THE COMMERCIAL DEPARTMENT AND GENERAL VIEW OF THE OFFICERS' QUARTERS,
FIRST NATIONAL BANK, DAVENPORT, IA.

who have kept the management on a high plane, worthy of the institution's long and successful history.

The distinction of being the first national bank to go into operation is a unique one, and doubtless as it enters upon its second half-

century the First National Bank of Davenport will receive congratulations from its friends at home and in other parts of the country, wishing it a continuance of its safely prosperous history and the deserved success gained during the past fifty years.

UNITED STATES SUB-TREASURY FOR TEXAS

MANY excellent suggestions are contained in the annual address of Gen. W. R. Hamby, retiring president of the Texas Bankers' Association. The last convention was held in May, but General Hamby was unable to be present, on account of illness. He has now completely recovered, and the address he would have delivered has been published. On the subject of a sub-treasury for Texas, General Hamby says:

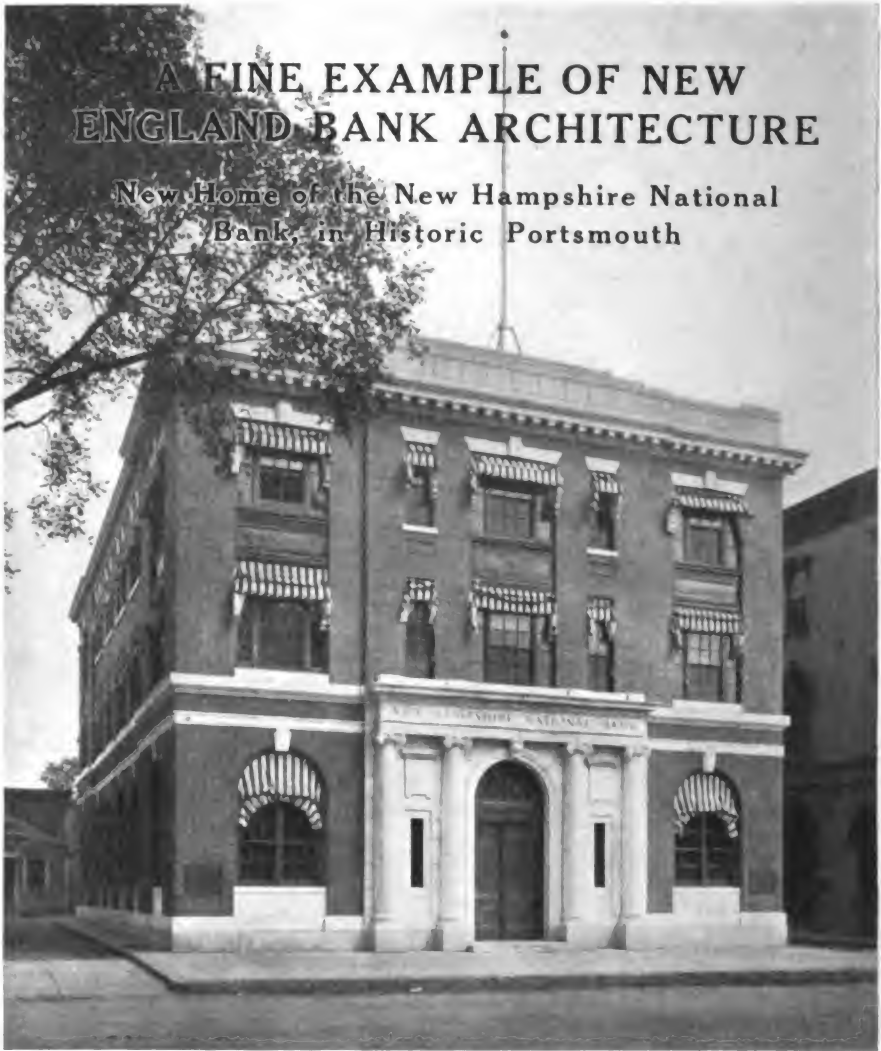
The geographical location, the agricultural products and the industrial and financial importance of Texas entitle us to the establishment of a branch of the United States Treasury in our State. By unity of

action and earnestness of purpose, I believe we can secure this great prize, which would be of benefit to every line of commerce and a great convenience to every banker. Let us make the effort and start the work without delay, and when successful it will be time enough to discuss the place of location. What Texas needs is the sub-treasury; the location will take care of itself.

General Hamby, who is president of the Citizens Bank and Trust Company of Austin, Texas, believes in such legislation as will give the country a banking system that is absolutely sound and elastic, but like many careful thinkers he is unable to approve the plan formulated by the National Monetary Commission.

A FINE EXAMPLE OF NEW ENGLAND BANK ARCHITECTURE

New Home of the New Hampshire National
Bank, in Historic Portsmouth



IT is not always easy for a bank, in designing a new home, to meet the requirements of modern construction, to show a proper regard for the past, and to provide a complete adaptation to present surroundings. But all these requirements have been met in the new home of the New Hampshire National Bank of Portsmouth. Only those who have fully given themselves up to the charm of its quaint old streets, lined with houses of an earlier time—yet each maintaining an air of aristocracy—can realize the delightful “atmosphere” that lingers about Portsmouth, which in many ways is one of the most attractive cities of the North Atlantic coast.

The new building of the New Hampshire

National Bank harmonizes with the traditions of its town, but no less does it suit the spirit of modern progress.

For over sixty years the bank had been located in old-fashioned banking rooms, where it had built up a large business and had, in fact, become one of the most prosperous banks in the State. In the latter part of 1910, owing to increased business and to accommodate the rapidly growing number of depositors, it was found necessary to have more modern and commodious banking rooms.

Fortunately, at this time the City of Portsmouth was agitating the question of building a new city hall, and the site on which the old city hall stood being too



MAIN ENTRANCE OF THE NEW HAMPSHIRE NATIONAL BANK, PORTSMOUTH



ENTRANCE TO THE BANKING ROOMS IN THE NEW HAMPSHIRE NATIONAL BANK, PORTSMOUTH



JUDGE CALVIN PAGE

PRESIDENT NEW HAMPSHIRE NATIONAL BANK
AND THE PORTSMOUTH TRUST AND GUAR-
ANTEE COMPANY

small for the new one, it was decided to sell it and the New Hampshire National Bank became the purchaser, thus acquiring a location in the center of the business part of the city and admirably adapted to its needs. When the old city hall was torn down the New Hampshire National began constructing on the site a fine bank and office building, containing suitable rooms for the bank and the Portsmouth Trust and Guarantee Company, an allied institution, which had also outgrown its quarters. These two banks occupy the whole of the lower story of the building, while the two stories above them contain twenty-eight offices arranged for suites or otherwise. Two of these are offices of the president of the bank, and the others are rented.

The building, fifty feet by eighty, is of steel and reinforced concrete construction, the outside being of the best quality of Harvard brick, with marble trimmings, and is absolutely fireproof throughout. It is by far the best and handsomest structure in Portsmouth and is not excelled by any building in the State in point of solidity of construction and beauty of appearance.

On the twenty-sixth and twenty-seventh days of April last the public were invited to inspect the building and the completed banking rooms and vaults, and from early morning to nearly midnight each day a steady stream of humanity poured in and out the doors admiring the simple dignity



OFFICE OF JUDGE CALVIN PAGE, PRESIDENT NEW HAMPSHIRE NATIONAL BANK AND
PORTSMOUTH TRUST AND GUARANTEE COMPANY

and solid beauty of the various parts of the whole. The beauty of the structure and the evident harmony with its surroundings serve to attract the attention not only of the residents of Portsmouth but of the thousands of visitors who flock to the seacoast

ty equipment, the vault of course forms a most interesting feature. The walls surrounding it are of reinforced concrete with a heavy burglar-proof steel lining. A door, built to defy any attempt to open it until such time as the time-locks make it possible,



WILLIAM C. WALTON

CASHIER OF THE NEW HAMPSHIRE NATIONAL BANK AND TREASURER
IN THE PORTSMOUTH TRUST AND GUARANTEE COMPANY

and country within a radius of ten miles of the bank to spend the summer.

Not only in its handsome exterior, but in the interior finishing and equipment, the new home of the New Hampshire National Bank conforms to the highest standards of taste, convenience and safety. Of the safe-

guards the entrance to the vault, and additional security is afforded by a heavy inner door and a day gate. Taking into consideration the fireproof character of the building and the vaults installed by the most competent vault engineers and experts, with electrical protection, the officials feel that



WILLIAM L. CONLON

ASSISTANT CASHIER OF THE NEW HAMPSHIRE
NATIONAL BANK AT PORTSMOUTH

safe deposit boxes in the bank's vaults are absolutely protected against fire and attacks by burglars.

The architect of the building was William Wells Bosworth, of New York City, and the structure was built by Messrs. Hoggson Bros., contracting designers, of New York City, under their single contract method, and the officials of the bank are highly gratified with the results.

That the new building will turn out to be a profitable investment is already evident. The New Hampshire National Bank and the Portsmouth Trust and Guarantee Company occupied their new banking rooms for the first time on April 29, since when there has been a steady gain in the number of depositors and in the amount of deposits.

THE BANK ITSELF.

The character of the New Hampshire National Bank of Portsmouth is fairly typified by the new building, which combines dignity and strength with progress. With more than sixty years of safe and efficient banking service to its credit, with a capital of \$100,000 and surplus and profits in excess of that amount, the solidity of this bank is well established and a guaranty offered of a more enlarged field of usefulness in its new home. At the head of this old and



CASHIER'S OFFICE, NEW HAMPSHIRE NATIONAL BANK, PORTSMOUTH



PARTIAL VIEW OF THE MAIN BANKING ROOM, NEW HAMPSHIRE NATIONAL BANK, PORTSMOUTH



DIRECTORS' ROOM, NEW HAMPSHIRE NATIONAL BANK, PORTSMOUTH



A VIEW OF THE MAIN BANKING ROOM IN THE PORTSMOUTH TRUST AND GUARANTEE COMPANY, PORTSMOUTH, N. H.



BOARD ROOM, PORTSMOUTH TRUST AND GUARANTEE COMPANY, PORTSMOUTH, N. H.



TREASURER'S OFFICE, PORTSMOUTH TRUST AND GUARANTEE COMPANY, PORTSMOUTH, N. H.

successful institution is Judge Calvin Page, whom not to know ought to be accounted a hardship to any one, and who once known is never forgotten. A complete list of the officers, directors and attaches of both institutions is appended.

National Bank: President, Calvin Page; cashier, William C. Walton; assistant cashier, William L. Conlon; teller, Willis N. Rugg; bookkeepers, Alvin F. Redden, Ralph W. Eaton; stenographer, Ina F. Amazeen.

Directors, Calvin Page, William C. Walton, Alfred F. Howard, H. Fisher Eldredge, Fred H. Ward, John W. Emery.

Portsmouth Trust and Guarantee Company: President, Calvin Page; treasurer, William C. Walton; assistant treasurer, Willis E. Underhill; clerk, Percival C. Sides.

Directors, Calvin Page, William C. Walton, Benjamin F. Webster, Alfred F. Howard, John H. Bartlett.

HEALTHY BUSINESS CONDITIONS

EVERY report from every section of the country is favorable, and the general business situation is not only very active, but is entirely healthy, reports Dun's Review. Taking it altogether, there has never been a more remarkable uplift in American business than that now in progress at a time of foreign disturbance, and of an important domestic political campaign, and it is notable also that the trade and industrial expansion, while testing the capacity of plants and banks and railroads and the labor supply, causes a comparatively small amount of friction.

Heavy railroad buying of rails, cars, and other equipment is the immediate feature of the iron and steel trade. Not in years has there been such generally satisfactory conditions in the woolen and cotton goods and kindred trades. The shoe factories report a demand which brings production to the point of factory capacity. Leather and hides continue very firm. The wheat market has two sides—one the heavy exports, due to the European war, and the other the heavy home movement as the result of the big crop.

FULTON TRUST COMPANY OF NEW YORK



HORACE S. ELY

A FOUNDER OF THE COMPANY, TRUSTEE 1890-1904. DIED 1904.



JUDGE JAMES M. VARNUM

THE FOUNDER OF THE COMPANY. TRUSTEE 1890-1907. DIED 1907.



GEORGE G. DEWITT

TRUSTEE 1891-1912. DIED 1912.

ORGANIZED in October, 1890, the Fulton Trust Company has had a history of twenty-two years of quiet, steady growth, and has proved to be a good investment to its shareholders. The stock was sold at \$150, and dividends have been paid amounting to 173½ per cent., while the undivided profits—exclusive of surplus—now exceed the capital.

Although the deposits of the Fulton Trust Company have increased, the policy of the company has been adverse to any course that would seek to swell the deposits at the expense of even the slightest concessions to what its management regards as unwise banking principles. Particularly has it resisted any tendency toward bidding for deposits by paying more for money than it is worth, and by strictly adhering to this rule has been able to discriminate most carefully in making loans and investments, thus always keeping well within the line of safety.

The trust company laws of the State of New York throw careful restrictions about the conduct of an institution of this character, and when these laws are supplemented by wise and careful management, keenly alive to the duties and responsibilities imposed, a high degree of safety is assured.

Not only has it been the policy of those charged with the conduct of the Fulton

Trust Company to observe the rules of sound banking, but they have been prudent in making expenditures, and have been able to pay satisfactory dividends and set aside undivided earnings. The capital, surplus and undivided profits on October 7 amounted to \$1,300,000.

LOCATION OF THE COMPANY

Having its home in the great Singer Building in the heart of financial New York, the Fulton Trust Company is admirably located, and this fine location is supplemented by modern equipment throughout. Some idea of the appropriateness of the company's environment may be had from the accompanying illustration.



HOME OF THE FULTON TRUST COMPANY IN
THE SINGER BUILDING, NEW YORK



THE SINGER BUILDING, MAIN CORRIDOR, LOOK-
ING TOWARD BROADWAY ENTRANCE

The main corridor is a triumph of the architect's and decorator's art - the sumptuous combination of Pavonazza marble and statuary bronze resulting in a superb effect one would expect to find rather in some palace of art treasures than in a bustling twentieth century office building. The illustration gives a glimpse of the vast corridor, with its series of shallow domes, rich in decoration, stretching away into space and terminated by an imposing staircase, on the first landing of which is placed the huge bronze master clock.

tions. The arrangement and fitting up of the banking rooms represent the work of Messrs. Clinton & Russell, the well-known architects.

THE MANAGEMENT.

As may be seen from the following list, the trustees of the Fulton Trust Company of New York include some of the city's best-known and most conservative financial and business men:

Henry C. Swords, president; H. H. Cammann, vice-president; Henry W. Reighley, second vice-president; Charles C. Burke, Lispenard Stewart, Henry Lewis Morris, Edwin A. Cruikshank, Charles S. Brown, Henry K. Pomroy, J. Roosevelt Roosevelt, Frank S. Witherbee, Robert Golet, Frederic de P. Foster, Alfred E. Marling, Richard H. Williams, Howland Pell, Archibald D. Russell, Arthur D. Weekes, Charles



THE PRESIDENT'S OFFICE, FULTON TRUST COMPANY, NEW YORK



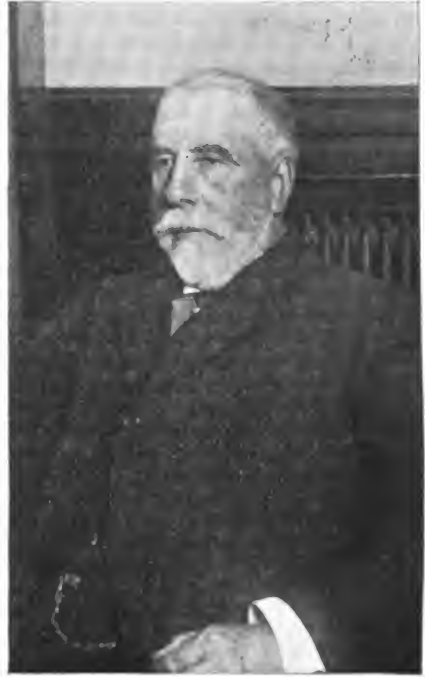
OFFICE OF VICE-PRESIDENTS AND SECRETARY, FULTON TRUST COMPANY, NEW YORK



Photo by Lippincott, New York

HENRY C. SWORDS

**PRESIDENT FULTON TRUST COMPANY,
NEW YORK**



H. H. CAMMANN

**VICE-PRESIDENT FULTON TRUST COMPANY,
NEW YORK**



BOOKKEEPING DEPARTMENT, FULTON TRUST COMPANY, NEW YORK



BANKING ROOM, FULTON TRUST COMPANY, NEW YORK

LADIES' DEPARTMENT, FULTON TRUST COMPANY, NEW YORK

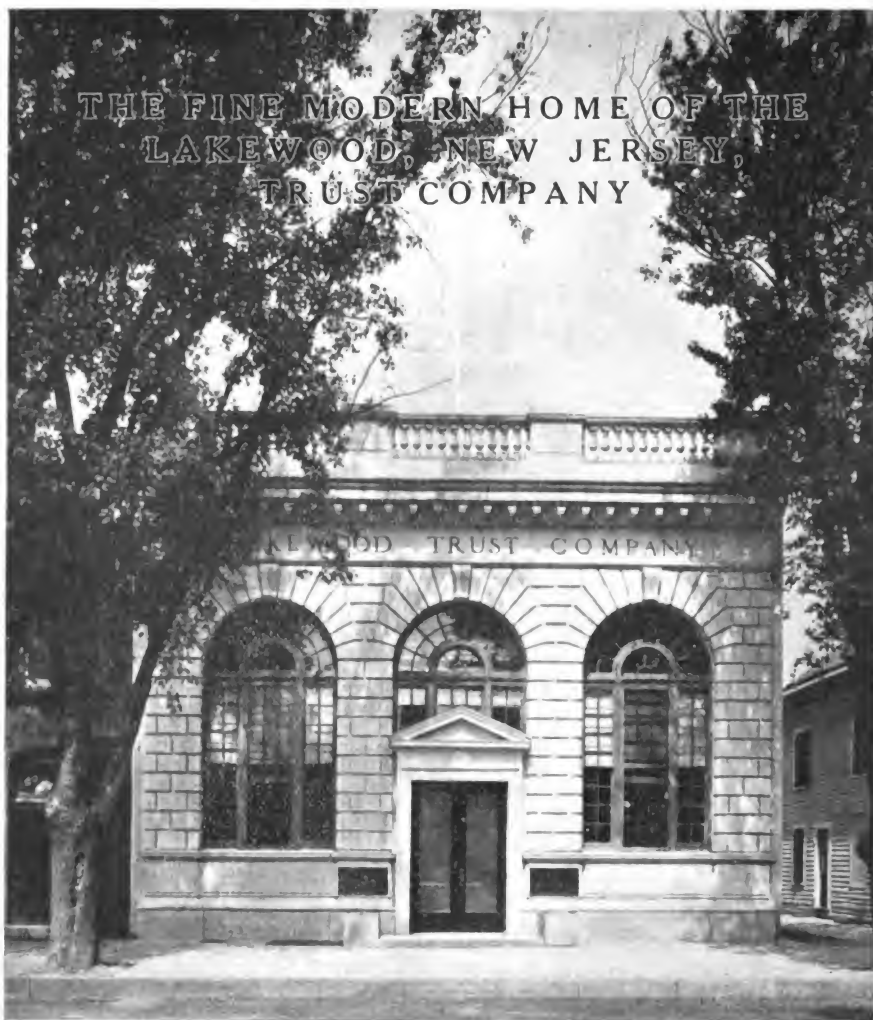
M. Newcombe, Robert L. Gerry, James S. Alexander, Charles Scribner, Edward De Witt, John D. Peabody.

Charles M. Van Kleeck is the secretary. Equipped at all points to perform the

many functions with which a trust company is endowed, the Fulton Trust Company of New York, under strong and prudent management, ranks as one of the city's safe financial institutions.



ENTRANCE TO THE MODEL VAULT OF THE SAFE DEPOSIT COMPANY OF NEW YORK,
SINGER BUILDING



FEW financial institutions in cities of like size are more appropriately housed than is the Lakewood (N. J.) Trust Company since occupying its handsome new building, the facade of which is shown above.

The new structure, which is of the Florentine type of Italian renaissance, covers an area of forty by seventy-three feet with rear extension twenty-five by thirty-two feet, forming an L and containing a banking room, mezzanine story and cellar.

It is an excellent example of what may be accomplished in bank design for a small prosperous town. The outline of the building is soberly treated in the matter of ornament, relying almost entirely upon the simplicity and dignity of its proportion for the architectural effect. At the same time the style does not lift the building out of its surroundings nor make it seem foreign to the environment of the community.

The street elevation is constructed of

light cream terra-cotta, resting on a base of granite and pierced with three large arched window openings the full height of the banking room. The front wall of rusticated terra-cotta and its pedestaled base course are surmounted by a classic cornice and balustrade, behind which one may discern the large skylight which, with the large windows in the front wall, flood the banking room with a fine working light.

A height of twenty-three feet has been given to the banking room, the lower portion of which is finished in bronze and marble, and the woodwork of the officers' space trimmed in rich mahogany. This room is lighted through sky and ceiling lights, the skylight having an area of five hundred square feet. In addition, two large windows in front help to distribute evenly the daylight throughout. The equipment of the room is complete in every respect, providing commodious quarters for the public, with a light, cheerful arrangement for the



CAPTAIN A. M. BRADSHAW
PRESIDENT LAKEWOOD TRUST COMPANY, LAKE-
WOOD, N. J.



GEORGE G. SMITH
VICE-PRESIDENT LAKEWOOD TRUST COMPANY,
LAKEWOOD, N. J.

officers and clerical force, while the decorations are in keeping with the dignified character of the building.

It is easy to observe from the exterior expression of the building what may be expected of the banking room, for such windows and width of front can indicate only the fine room of ample proportions splendidly lighted. This room is without doubt one of the best banking rooms of its kind in the State. It is simply decorated in restful colors and shows to the best advantage the marble and bronze screen work as well as equipment. The arrangement of this screen projecting into the public space so that the three sides are available, has the advantage of concentrating the working force in a convenient space immediately adjacent to all wickets. The screen is built of American Sienna marble combined with Edelfelds Grau marble, with bronze wickets and plate glass set in bronze frames.

The public space on one side of the banking screen leads to the ladies' alcove and passage to the safe-deposit department, and on the other to the treasurer's office and passage to the directors' room.

In full view of the main entrance and public space is a spacious security vault with electric protection in addition to heavy reinforcements and linings.

The safe-deposit department, which is conveniently located next to the deposit vault, is more than usually convenient and ample in its furnishings, having in connection with it a reception and ladies' room which are connected with the large trunk storage vault. The security vault for the use of the safe-deposit department as well as for the storage of funds, is symmetrically placed on the central axis of the banking room so that the public may be impressed with the sense of strength and security, which not only the vault, but the ponderous door represents. Special facilities are provided for the transaction of banking business with ladies, including an extension containing a reception room twelve by sixteen, with which is connected a ladies' room eleven by ten.

In point of design, materials used and in the arrangements for the convenience of the public and the company's staff, the Lakewood Trust Company's new building fulfills the most exacting requirements of modern bank architecture.

The building was designed, planned and erected by Hoggson Brothers, the well-known contracting designers of New York.

It is fitting that this company should be so appropriately housed, for it is the pioneer bank of Lakewood, having been



WALTER C. O'LEARY
SECRETARY LAKEWOOD TRUST COMPANY, LAKE-
WOOD, N. J.



C. J. PARMENTIER
TREASURER LAKEWOOD TRUST COMPANY, LAKE-
WOOD, N. J.



VIEW IN THE MAIN BANKING ROOM OF THE LAKEWOOD TRUST COMPANY, LAKEWOOD, N. J.

organized in 1889, and by growing steadily in the public confidence its resultant enlarged business has made the new home imperative.

The strength of the company and the wise policy pursued by the management may be inferred from the fact that a surplus has been accumulated far in excess of the capital, thus affording additional protection to depositors.

In its management this company is exceptionally fortunate, the president, Captain Albert M. Bradshaw, being recognized as one of New Jersey's financial leaders, a fact evidenced by his being chosen by the Governor as a member of the Commission to revise the banking laws of the State.

Hon. George G. Smith, vice-president, was born in Massachusetts, but has resided at Lakewood since he was a boy. Mr. Smith has been a state senator and connected with the Lakewood Trust Company for many years. He conducted an extensive dry goods business in Lakewood for many years. Personally ex-Senator Smith is affable and pleasing and makes friends easily. In the business world he is strong and dependable and a splendid asset to his town.

W. C. O'Leary, secretary, has been a resident of Lakewood since childhood and is respected in the community, being considered one of its best young business men.

C. J. Parmentier, the treasurer, is a young man who is liked by everybody.

R. B. Robbins, the assistant treasurer, is a resident of Ocean County and for many years was assessor of the Township of Lake-



R. B. ROBBINS

ASSISTANT TREASURER LAKEWOOD TRUST COMPANY, LAKEWOOD, N. J.

wood. He is popular with those whom he comes into contact.



PRESIDENT'S OFFICE, LAKEWOOD TRUST COMPANY, LAKEWOOD, N. J.



LADIES' ROOM, LAKEWOOD TRUST COMPANY, LAKEWOOD, N. J.

The directors are Albert M. Bradshaw, Carroll P. Bassett, Oliver H. Brown, Henry Kearney, Henry A. Low, Walter C. Leary, Charles J. Parmentier, Richard Robbins, George G. Smith, Frank Tilford and William W. Willock.

These gentlemen constitute a strong official board, and aided by a competent and courteous force of clerks they are making the Lakewood Trust Company one of the notably successful banking institutions of New Jersey.



DIRECTORS' ROOM, LAKEWOOD TRUST COMPANY, LAKEWOOD, N. J.

AN IMPOSING SOUTHERN BANK STRUCTURE

A NEW bank building affords a fair standard by which to judge of an institution's history and its future. Measured by this standard, it may be truthfully said that the Savannah (Ga.) Bank

of the building make it at once an impressive and fitting place for carrying on the banking business, and a study of the rooms allotted to the bank shows that they embody all the essentials of the best de-



WILLIAM F. McCAULEY

PRESIDENT SAVANNAH BANK AND TRUST COMPANY, SAVANNAH, GA

and Trust Company has had a prosperous history and has an excellent outlook for the future. Certainly the construction of such an imposing modern bank and office building is a striking evidence of wise progressiveness. While as an office building this structure embraces the modern ideas in materials and improvements calculated to conduce to safety and convenience, it is especially as a bank home that it will be considered here. The massiveness and beauty

sign and equipment for safely, economically and conveniently transacting business.

DESCRIPTION OF THE BANKING ROOMS.

The interior of the bank is not only admirably planned with reference to the particular ends it is to serve, but in space management, in simplicity of ornamentation and detail, in beauty of modelling and agreeable interplay of quiet color, typifies

the best art in public buildings of to-day.

The cement walls are designed to represent the Caen stone of France and England, the blocks washed over until they carry the soft uneven tone of the original stone, cream running slightly to brown. This is the general color tone of the building, deepening to dull gold in the cast bronze fittings and velvet hangings, and contrasting effectively with the rich hue of mahogany, which is the only wood used. The floor is of lusterless Tennessee marble, slightly deeper in color than the walls, and the desk standards are of polished Italian Botticini marble, that gleams with warm cream-brown lights. It is of this beautiful marble that the walls of the entrance hall are built, through

which one passes by swinging mahogany doors into the bank, or at the right to the offices above. In the west wall is sunk a handsome cast bronze tablet of charming proportion and design, bearing the names of the officers and directors.

An open rectangular space runs from the entrance to the safety deposit vault at the rear, from which it is shut off by a cast bronze railing, with doors at each side. In the center are the check desks of Botticini marble, with marble side standards connected by cast bronze braces, and these are handsomely fitted with bronze lamps, check holders and inkwells, of simple and excellent design.



NEW HOME OF THE SAVANNAH BANK AND TRUST COMPANY, SAVANNAH, GA.



MAIN BANKING ROOM, SAVANNAH BANK AND TRUST COMPANY, SAVANNAH, GA.



VAULT IN THE SAVANNAH BANK AND TRUST COMPANY, SAVANNAH, GA.



OFFICE OF THE PRESIDENT, SAVANNAH BANK AND TRUST COMPANY, SAVANNAH, GA.



2ND VICE-PRESIDENT'S AND CASHIER'S OFFICE, SAVANNAH BANK AND TRUST COMPANY, SAVANNAH, GA.



COURTNEY THORPE

VICE-PRESIDENT SAVANNAH BANK AND TRUST
COMPANY, SAVANNAH, GA.



CHARLES G. BELL

VICE-PRESIDENT SAVANNAH BANK AND TRUST
COMPANY, SAVANNAH, GA.

The various public banking desks are built about this rectangle on a solid base of Botticini marble, with railings and sliding screens of cast bronze in the square column style that is uniform throughout the bronze work of the building. At the right is the savings department, which, beside its public windows, opens upon a small room intended for the use of ladies and comfortably furnished with a mahogany desk and chair. Heavy velour curtains of dull gold hang at the door. At the left are the general offices. In the open spaces behind the public offices at the right are private coupon rooms built of mahogany, which are conveniently near the safety-deposit vault. The clerical desks, the private telephone booth, and the various desks for the general work of the bank are on the west side of the building. All are of mahogany with attractively designed bronze lamps and fittings.

The president's office is immediately at the left of the entrance, handsomely finished in rich dark mahogany with panel walls, mantel, and closets of this beautiful wood. The small wall space above the panels is covered with tapestry in wood greens and browns, and the ceiling is of cream plaster, with modeled border in dull tones, touched with gold. An Eastern rug in blues, browns and Pompeian reds

partly covers the parquet floor, leaving the border of the polished wood exposed. The president's desk is of the same rich mahogany as that used in the room, and the mahogany chairs are upholstered in leather.

Opening at the rear into the president's office and again at the front upon the rectangle are the handsome offices of the second vice-president and the cashier, which is finished in South American mahogany. It is enclosed only by a low mahogany railing.

The banking-room is lighted from the west by French casement windows in mahogany frames that extend to the ceiling, and by high casement windows at the north end. The ceiling is beautifully modeled in rectangular panels, cream in tone, and is supported by four cylindrical columns with heavy cornices, thus completing the admirable dignity of the interior.

ORGANIZATION, HISTORY AND PRESENT MANAGEMENT.

The Savannah Bank and Trust Company was organized forty-three years ago. Though its capital stock was \$100,000—a sum unusually large at that period of Savannah's existence—within two days after the subscription books were opened all the stock had been subscribed. Of the original officers and directors only one has survived

the years to witness or know the growth and prominence the institution has acquired. This is an English gentleman, Frederick Zerago, who, though far advanced in years, now resides in Liverpool, and inquires of all who comes from Savannah as to the progress of the institution he aided in founding. It is said that Mr. Zerago was the author of the constitution and by-laws of the company.

The original officers of the company were: President, Morris Ketchum; vice-president, Milo Hatch; cashier, Edward

Savannah's financial strength and soundness.

The present officers of the institution are: President, William F. McCauley; vice-president, Charles G. Bell; second vice-president, Courtney Thorpe; cashier, Mariano D. Papy; assistant cashier, Edward M. Nichols.

Mr. Thorpe, although well-known in Savannah because of his prominent banking connections, had lived for a year and a half in Florida, when a few months ago he was elected vice-president of the company. Mr.



BOARD ROOM, SAVANNAH BANK AND TRUST COMPANY, SAVANNAH, GA.

Ketchum. The savings department of the institution was under the management of J. S. Hutton.

President Ketchum was succeeded by Charles Green, Mr. Green by D. G. Purse, and Mr. Purse by J. D. Weed. In 1900 William F. McCauley became cashier, and was later made vice-president. Upon the death of Mr. Weed, Mr. McCauley succeeded to the presidency. The years that number Mr. McCauley's connection with the institution have been a period of continuous growth for the company. During that time a remarkable change was wrought in the banking affairs of the city and it is freely said by close observers of financial and commercial matters that no one has contributed more than Mr. McCauley to

Papy and Mr. Nichols have been connected with the institution for a number of years. They have received thorough training and are exceptionally well-equipped for the duties of their offices.

The directorate of the institution is composed of men of high character and distinct prominence in financial, commercial and professional circles. They are men of wide experience and are thoroughly active in all matters pertaining to the welfare of their institution.

Needless to say, with the fine new building the Savannah Bank and Trust Company is better than ever equipped to care for its large and growing business. It has rendered good service to the community in the past, and is prepared to render better service in the future.

AN IMPORTANT TEXAS FINANCIAL ENTERPRISE

THE growth of the trust company in the United States has furnished a remarkable example of the prosperity which in this country waits upon a financial institution peculiarly adapted to public needs. Reliable statistics prove that while

States having good banking laws it is surrounded by safeguards as adequate as those which protect the patron of a national bank, and is, of course, at least on a par with the State banks in that respect; second, the trust company, while being able



JUDGE SAM R. SCOTT
PRESIDENT CONTINENTAL TRUST COMPANY, WACO, TEXAS

both National and State banks are growing rapidly in numbers and size, the trust companies are outdistancing both these classes of banks, although one of them has the prestige which undoubtedly attaches to a charter granted by the Federal Government.

The reason why the trust company is proving so popular is twofold: First, in

to perform the usual banking functions, also has the right to transact a great variety of fiduciary and other financial operations usually denied the other classes of banks.

TEXAS A PROFITABLE FIELD FOR THE TRUST
COMPANY.

Texas, with its 130,000,000 acres that have never known the touch of the plow,

her vast agricultural and mineral resources, her enormous industrial enterprises and the constant and rapid increase of wealth, offers one of the greatest fields for trust company development to be found in the United States. The State has an excellent trust company law—perhaps one of the best of any of the States, and under it a

administrator, guardian, trustee, receiver, loan money on real estate and personal property, negotiate and sell stocks and bonds, buy and sell real estate, issue debenture bonds on real estate security, act as agents for persons, companies, corporations, underwrite issues of stocks and bonds, guarantee and perfect land titles,



G. B. REYNOLDS

VICE-PRESIDENT CONTINENTAL TRUST COMPANY, WACO, TEXAS

number of successful companies have been organized in the principal commercial centres by leading business men and bankers.

One of the latest of these, and one starting out with every indication of achieving the same notable success that has been characteristic of the trust companies recently organized in Texas, is the Continental Trust Company of Waco, which was originally chartered in 1871, to have succession for ninety-nine years.

The charter of the Continental Trust Company authorizes the company to act as

and do a general trust company business in all its various and different departments.

The capitalization of the Continental Trust Company of Waco is \$1,000,000, par value of shares \$100, the stock being sold at \$105.

THE MANAGEMENT.

Not only is the company being organized under excellent banking laws and in a community where a real demand already exists for its services, but it is fortunate in having as its organizers a body of successful men who command the respect of

**J. W. DODSON**

**SECRETARY CONTINENTAL TRUST COMPANY,
WACO, TEXAS**

**T. J. PRIMM**

**TREASURER CONTINENTAL TRUST COMPANY,
WACO, TEXAS**

a wide circle of business interests in the Lone Star State and elsewhere. The officers are: President, Judge Sam R. Scott; vice-presidents, W. E. Johnson, G. B. Reynolds, Capt. W. L. Saye, Thos. A. Caufield and John T. Smith; secretary, J. W. Dodson; treasurer, T. J. Primm; general counsel, Scott & Ross.

Judge Scott is recognized as one of the distinguished members of the American bar, noted for his legal ability, and possessed of unquestionable integrity. In the administration of the affairs of a trust company many intricate questions of law are arising daily, and the Continental Trust Company is, therefore, fortunate in having as its chief executive officer a man who served for many years on the bench.

Vice-President G. B. Reynolds is at present vice-president of the Colonial Trust Company of Hillsboro, Texas. He was formerly vice-president and general manager of the International Life Insurance Company of St. Louis, and has in the past several years been connected with some of the strongest financial institutions in the United States. He has valuable financial connections in St. Louis, Chicago and the East.

J. W. Dodson has recently resigned as assistant cashier of the First National Bank of Waco to accept the secretaryship of the

Continental Trust Company. His acquaintance, ability and experience in all the various departments of the banking business, covering a period of many years, make him a most valuable man for this position, and the Continental Trust Company is to be congratulated on having secured his services.

T. J. Primm, treasurer of the Continental Trust Company, is a capitalist and financier, known throughout Texas as a conservative man, successful in handling other people's money. At present he is a member of the finance committee of the Amicable Life Insurance Company, a director in one of Texas' most successful banking institutions, and for many years prominently connected with various enterprises for the purpose of promoting and developing the vast internal resources of Central Texas.

A STRONG BOARD OF DIRECTORS.

Much of the success of a bank or trust company depends upon the board of directors. It is not only important to have a board that will carefully watch over the management and see that all safeguards are strictly observed, but it is also of prime concern that the board be composed of men

of wide and successful business relations, thus inspiring confidence and attracting patronage. As may be seen from the following list of directors of the Continental Trust Company, its board of directors meet these requirements. The directors are:

Sam Sanger, Waco, Texas; member firm Sanger Bros., Waco and Dallas, president Texas Fidelity and Bonding Co., vice-president National Exchange Insurance and Trust Co., vice-president, Brazos Valley Trust Co. Interested in every good enterprise for the upbuilding of Waco.

Col. Joe S. Rice, Houston, Texas; financier and capitalist, president Union National Bank, president Bankers Trust Co., president Great Southern Life Insurance Co., firm of J. S. & W. M. Rice Lumber Co.

M. Kendrick, Waco, Texas; farmer and capitalist, director First State Bank and Trust Co.

J. R. Collier, Waco and Mumford, Texas; trustee Baylor University, merchant and planter.

Dr. W. E. Colgin, Waco, Texas; druggist, director First State Bank and Trust Co.

Judge Sam R. Scott, Waco, Texas; president Continental Trust Co., former district judge fifty-fourth judicial district, member firm Scott & Ross, corporation attorneys, district attorney St. Louis Southwestern Railway Co., district attorney Southwestern Telephone & Telegraph Co., attorney Continental Casualty Co., Chicago, Fidelity & Casualty Co., New York, U. S. Fidelity and Guaranty Co. and other corporations.

T. J. Primm, Waco, Texas; treasurer Continental Trust Co., chairman Finance Committee Amicable Life Insurance Co., ten years tax collector McLennan county, real estate dealer.

W. E. Johnson, Waco, Texas; manager Wm. Cameron Co., Waco Dept., former manager C. T. Herring Co., vice-president Continental Trust Co.

J. W. Dodson, Waco, Texas; former assistant cashier First National Bank, secretary Continental Trust Co.

G. B. Reynolds, Waco, Texas; former vice-president Great American Life Insurance Co. consolidated with International Life Insurance Co., St. Louis, Mo., vice-president Colonial Trust Co., Hillsboro, Tex., vice-president Continental Trust Co.

Capt. W. L. Saye, Comanche, Texas; attorney and capitalist, director S. N. & S. T. Railroad, former supt. Agents and Inspector Equitable Life Insurance Co., New York, vice-president Continental Trust Co.

Thos. A. Caufield, Waco, Texas; finance commissioner City of Waco, vice-president Continental Trust Co., twelve years county clerk McLennan county, farmer.

John T. Smith, Austin, Texas; president National Loan and Realty Co., ten years chief clerk comptroller's office, vice-president Continental Trust Co.

Dr. N. A. Olive, Waco, Texas; physician and surgeon.

S. P. Ross, Waco, Texas; firm Scott & Ross, corporation attorneys, district attorney St. Louis and Southwestern Railway Co., Southwestern Telegraph & Telephone Co., Continental Casualty Co., Chicago, Ocean Accident Insurance Co., Fidelity and Casualty Co. of New York, general counsel Continental Trust Co.

J. J. Dean, Waco, Texas; capitalist, owner Dean addition, real estate dealer.

It is quite within the bounds of prudent statement to say that the trust company to-day offers one of the most profitable as well as the safest forms of investment of any class of financial institutions now existing in this country, and it is equally true that nowhere in the United States is there a more promising outlook for trust company development than in the State of Texas. Under these favoring conditions, the Continental Trust Company is launched with a management having every augury of success.

INVESTMENT BANKERS' ASSOCIATION OF AMERICA

THE first annual convention of the Investment Bankers' Association of America will be held at the Waldorf-Astoria, New York city, November 21 and 22. Committee meetings and a meeting of the board of governors will largely occupy the first day, and on Friday, November 22, at 10 o'clock, the convention will assemble for the purpose of hearing addresses and discussions and transacting the business in-

cident to permanent organization. In the evening there will be a banquet at the Waldorf Astoria.

It will be recalled that the Investment Bankers' Association of America effected a preliminary organization at a meeting held for that purpose in New York August 8, which was fully reported in *THE BANKERS MAGAZINE* for September.

BANKING AND FINANCIAL MISCELLANY

"HOW BANKERS ROB THEIR CUSTOMERS"

UNDER this pacific title, "John Bull," a British publication, tells its readers of some of the tricks of bankers in "robbing" their customers by concealing the existence of dormant accounts. THE BANKERS MAGAZINE has published so much that has been laudatory of the banker and his calling, that just a little bit on the other side of the story may be tolerated. The banker may be interested in seeing himself as at least one other person sees him. It is hardly necessary to say that the stories here related are of British bankers—even the staid "Old Lady of Threadneedle Street" not being exempted from this scathing arraignment of banks. But the American banker may well exclaim: "Let the galled jade wince, our withers are unwrung." But hear "John Bull":

This week I continue my selection, from cases which have been brought to my attention, illustrating the various ways in which the banks have been enabled to accumulate vast hoards of unclaimed moneys and securities. Next week I will deal with other aspects of the matter.

HOW DORMANT BALANCES ARE KEPT ALIVE.

A bank clerk tells me that many really dormant accounts are rendered "operative," in the sense that the bank itself operates on them every half-year or quarter, by bringing the balance down, adding interest, and deducting commission. The interest, as a rule, is not placed to the credit of the client, but is carried to an account called "Interest Account," or some such title. Therefore, the account, though quite dead, is made to appear operative *by the bank's own action*.

A FORGOTTEN ELECTION ACCOUNT.

A former Member of Parliament writes me: "In the year 1900 I opened an account with a certain bank for the purpose of paying the expenses incidental to the contest for the seat. I lost the election and for a time left the constituency. At the last general election I returned to my old love and proceeded to open an account at the same bank as before. I then remembered that I had never closed my last account, and that I should have a balance there. I made enquiries of the clerk and found this to be so. I remarked that if I had not made up my mind to contest the seat again I should

probably never have heard of it. The bank official replied, 'Probably not.'"

A CHESTERFIELD CASE.

The Chesterfield Town Council opened an account with a local bank in 1877 for the purpose of paying bills in connection with the laying out of Queen's Park in that town. Shortly after I introduced my bill in the House of Commons, the bank manager wrote to the Council to say that there was a balance on the account of £50. An alderman proposed a vote of thanks to the bank for the information, but acknowledged that the balance had been brought to light by the introduction of my bill!

THE BANK OF ENGLAND AND A CHIEF CASHIER.

The grandson of a former chief cashier to the Bank of England writes me that his grandfather died, leaving a large sum of money at the bank. The relatives have repeatedly made application to them for particulars, which have always been refused. The money has been in the custody of the bank since 1807.

TWO INSTANCES FROM LEEDS.

The vicar of a parish in the neighborhood of Leeds opened an account at a Leeds bank for Sunday-school purposes. This was eighty years ago, and four years later the account became dormant. The vicar died and the account was completely forgotten. The present vicar, in searching through some very old parochial records, found the pass book, had it made up, and when it was returned to him found a credit balance of £168. A lady opened an account for the benefit of her children nearly sixty years ago. It became dormant in 1860. The lady died without disclosing to her children that she had banked the money on their behalf. Her sons and daughters recently instituted enquiries and recovered £163.

A PAUPER WITH £500.

Recently an old lady of ninety was found dead in her bed. She had lived for many years in a state of abject want. She was receiving a few shillings a week from the guardians. So poor was she considered to be, that the neighbors paid for the coffin in which to bury her. In removing her goods they discovered a pass book showing a balance of several hundred pounds in the name of her husband, who had predeceased her. On examination it appeared that the account had not been operated upon for over thirty years. The book was sent to the bank and made up and returned showing a balance of £500. The local guardians took possession of the money.

A CASE FROM LEICESTER.

A resident of a village near Leicester, who died recently, sold his property and placed the money in a local bank. At his decease, his nephew, who was the executor, made enquiries at the bank, and was asked if he had a deposit note. As no such document could be found, the relatives have been deprived of the money.

RESCUED FROM A GAMBLER AND LOST AGAIN.

The wife of a London clergyman in 1869 placed a large sum of money on deposit at a certain bank, to prevent her husband speculating with it on the Stock Exchange. She purposely withheld the name of the bank from her husband and children. In 1886 she was taken suddenly ill and died without leaving any clue to the name of the bank where the money was lying. Like the eccentric old lady mentioned in last week's issue, she, too, periodically journeyed to the bank, drew the money out, counted it and paid it in again at once. Twenty-six years have now passed since she died, and the relatives are still without a clue to the money, said to be a very large sum.

FEEDING THE CHILDREN FROM A DORMANT BALANCE.

In a large Midland town nearly thirty years ago a Free Breakfast Fund was established to provide poor children with a meal before going to school. It remained dormant and forgotten until three years ago, when the matter was brought to light by a gentleman, now very old, who recollected the fund being established and ad-

ministered. He informed the secretary of a new fund which had recently been opened that a sum of £42 standing to the credit of the old fund was at the bank. The secretary claimed and got the balance and used it to feed poor children.

BANK TRICKERY.

A case is known where a tradesman had a current account at his banker's and also, unknown to his relatives, money on deposit. He died suddenly, without telling anyone; *the bank claimed against his estate for an overdraft on the current account, but did not disclose anything about the money on deposit.*

ANOTHER PARSON'S LUCKY FIND.

Only the other day the papers published an account of the receipt by the managers of Christ Church Schools, Hope street, Salford, of a check for about £90 which came to them in a curious way. Canon Stowell, whose late father was for many years Rector of Christ Church, in going through some papers came across a savings bank book, which showed that a small sum was deposited in 1865 to the credit of the Schools. For nearly fifty years the amount had remained at the bank forgotten, and it would possibly never have been thought of but for the fortunate circumstance that the pass book was unearthed by Canon Stowell. It will be seen that this case is very similar to one referred to above. Heaven—and the bankers—alone know how many others there are!—*Horatio Bottomley in "John Bull."*

FOREIGN BANKING AND FINANCE

EUROPEAN

THE RUSSIAN BANKING AND CREDIT SYSTEM.

By Th. Osborne

THE banking and business methods of Russia differ essentially from those in vogue in America and Western Europe. The great difficulty merchants experience in Russian trading methods is the system of credit, which obtains in all commercial relations throughout the Empire. All sales in Russia are made on a credit basis, bills at three, six, nine or twelve

months being given against the delivery of goods. This is the trade custom throughout Russia and the underlying principle on which all business is conducted. Even at the great annual fairs, a special feature of Russian commerce, at Nijni Novgorod, Irbit and elsewhere, when the products of Asia and Europe are exchanged, all trade is done on credit and in

many transactions the bills are dated for payment at the fair of the following year. Scrupulous regard is held by the Russians to the meeting of their acceptances; in effect, therefore, these bills are post-dated checks, readily accepted and discounted by banking firms.

Generally, American as well as British merchants have refused to recognize that this giving and taking of long credit is an integral part of Russian trade and is the natural consequence of the country's lack of capital, vast though its natural resources are. The result is seen in the relatively small American share in Russia's great commercial development during recent years, compared with that, say, of Germany, whose merchants are fully alive to the Russian system and conform to its requirements. Consequently, German exports into Russia have more than trebled within less

than two decades, from about \$53,000,000 to approximately \$184,000,000. Russian imports now exceed \$435,000,000 annually. As the astute Germans have so readily adapted themselves to the commercial system obtaining in Russia and have consequently monopolized the main share of the Russian import trade, they have also neutralized the disadvantages and inconvenience, by establishing German banks throughout Russia. Giving the long credit which Russian dealers require does not, therefore, cripple small outside manufacturers. What the Russian merchant requires, as is natural in a country so little developed and of such vast distances, is long credit, in return for which he is prepared to pay the additional price, which has to be placed on the goods bought. It is through the foreign banks that foreign traders and manufacturers discount their bills. It is only by conforming

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with these Russian circumstances that the trade with that country can be increased. To quote an instance, British exports to Russia are almost stationary through dislike or distrust of the long credit system; they have not increased more than one-half per cent. per annum on the average during the last eighteen years; from \$60,000,000 to \$65,000,000.

AN AMERICAN BANK IN RUSSIA.

The establishment of an American bank in Russia on the lines of the German banks would lead to an increase of American imports. How the formation of German banks in all the leading commercial centres of Russia has fostered German trade and assisted the German merchant and the manufacturer must be at once apparent. English banking facilities are now being extended to Russia to compete with the German; thus the Anglo-Russian Bank with offices in London was formed by a combination of English

and Russian capitalists and has acquired an important interest in the Russian Commercial and Industrial Bank of Petersburg, with its 100 branches, sub-offices and agencies throughout Russia. The Anglo-Russian Bank has an issued capital of \$5,760,000 and the Russian Commercial and Industrial Bank a paid-up share capital of \$12,696,000. Two years ago there was no British bank in Petersburg; more recently one has been opened and a charter was applied for and has been obtained from the Russian Imperial Government, for the creation of a joint-stock bank. The great difference between the Russian banking system and that of other countries is evidenced by the fact that this is only the second charter granted for the establishment of such an institution during the last forty years. This joint-stock bank has now been in existence for twelve months, under the title of the Russian Corn Trade Bank, but the name has now been altered to

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Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

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Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

the "Russian and English Bank (Limited)" with a branch in London. Most of the directors are well-known English public men, several being in Parliament.

The capital of this bank amounts to \$2,500,000, fully paid up, of which slightly less than half is held in Russia and the remainder in London. The attitude of the Russian Imperial Government towards the bank is reported to be of the most friendly and helpful character. It is intended in due course to extend business by establishing agencies and branches in the principal centres of trade.

Among native banks the Russian Commercial and Industrial Bank is noteworthy with its head office in Petersburg and important branch offices in Moscow, Paris and London. There are in addition fifty-eight branches in provincial towns, as far apart as Astrachan, Odessa, Samara and Nijni-Novgorod; with fourteen agencies, one of which is in the oil district of Maikop. The paid-up capital amounts to \$12,696,000 and the reserve fund to \$3,150,000. Two other important local banks may be mentioned, the Russian Bank for Foreign Trade and the Russo-Asiatic Bank. The former was established by imperial sanction forty years ago with the head office in Petersburg with important branches in London, Paris, Genoa and Constantinople, and

in addition fifty-eight Russian branches and six agencies. Included in the former are Archangel, Astrakhan, Baku, Kiev, Moscow and Tomsk, all important business centres. The assets and liabilities were as follows about six months ago:

ASSETS.

Cash in hand.....	\$7,200,000
Bills receivable	58,330,000
Advances on call.....	47,270,000
Current accounts	140,676,000
Other items	19,802,000

Total\$273,278,000

LIABILITIES.

Paid-up capital	\$25,263,000
Reserves	7,459,000
Deposits	92,606,000
Current accounts	126,062,000
Other items	21,889,000

Total\$273,278,000

These figures show the importance and extent of business of some of these Russian financial corporations.

The only other bank which need be mentioned is the Russo-Asiatic Bank with branches in Asiatic Russia, India, China and Japan, in all about 100. The head office is in Petersburg and among the branches are places as far apart as Bakou, Batoum, Bombay, Calcutta, Chefoo, Hong Kong, Irkoutsk, London, Mero, Newchwang, Paris, Pekin, Shanghai, Tientsin, Vladivostock and Yokohama. The fully paid-up capital amounts to \$17,712,000 and re-

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COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

serves have now reached \$9,864,000. These banks are largely used by merchants in the timber, tea and colonial trades, also in the grain trade; the development of the agricultural industry of Siberia is also fostered by them. They are most potent factors in the development of Russia's economic life and confine their activities rigidly to commercial banking.

ELASTICITY OF RUSSIAN BANKING METHODS.

In Russia, as in all undeveloped countries, banking cannot be conducted on the hard-drawn lines which govern finance in older countries of long development; there has to be elasticity of business methods. Conservative principles of banking adapted to Russian environment may be taken as descriptive of the policy of Russian banks. On the one hand it recognizes the sine qua non of Russian commerce for long credit, whilst on the other it meets the modern requirement for security. Competition among Russian commercial banks for money on deposit is very keen, though interest rates, even now relatively high, payable thereon, have not increased. The following figures for the years 1900 and 1911 show the large amounts of private capital on deposit:

	Current accounts.	Deposit accounts.	Totals.
1900..	\$145,000,000	\$117,840,000	\$262,840,000
1911..	601,000,000	202,990,000	803,990,000
Inc..	\$456,000,000	\$85,150,000	\$541,150,000

There are in all thirty-three Russian commercial banks, they have been in existence some forty years and during the last fifteen years or so they have made special efforts to obtain money on deposit, the totals showing a rapid increase during the last decade. The

German banks in Russia have large deposit and current accounts; the aggregate for 1911 reached \$201,600,000. The totals of money on deposit in the different classes of Russian banks last year were as follows:

Commercial banks	\$803,990,000
State banks	256,700,000
Mutual credit societies.....	194,830,000
Totals	\$1,255,520,000

The relative importance of Russian banks and foreign banks operating in Russia is shown in the following schedule:

	Deposit accounts.
Thirty-three Russian banks....	\$803,990,000
Thirty-three French banks....	941,760,000
Forty-five German banks.....	1,454,400,000
Total	\$3,200,150,000

Russian commercial banks specialize their operations for the convenience and special requirements of the districts in which they are established, and they may be broadly divided into two classes, those which serve commercial and industrial concerns and those which operate mainly in Bourse business. The former are, as shown below:

	Discounting operations.	Loans on merchandise.	Loans on contracts.
1900...	\$187,248,000	\$16,512,000	\$9,072,000
1911...	506,880,000	151,296,000	68,592,000
Inc..	\$319,632,000	\$134,784,000	\$59,520,000

Bill discounting operations have largely increased, owing to the industrial development of Russia and the establishment of branches. In loan operations long-term loans, analogous to working overdrafts, are unimportant when compared with short-term accommodations and herein the policy of the Russian commercial banks, explainable by their superior knowledge of the absence of equilibrium in the national economy, differs from that of foreign

banks operating in Russia. Details of the second-class mentioned above, those dealing with Bourse business, are as follows:

	Purchases of stocks.	Loans on stocks.
1900	\$51,840,000	\$131,520,000
1911	91,632,000	258,240,000
Increase	\$39,792,000	\$116,720,000

These banks have a policy of making repayments obligatory by personal undertaking at fixed prearranged periods, when advancing money on the security of marketed stocks. Short-term accommodation to borrowers never exceeds in the aggregate twenty per cent. of the bank's resources. During last year the total working disbursements by the Russian commercial banks amounted to the following sums: For commercial and industrial purposes, \$854,400,000; and for Bourse business, \$474,720,000.

The deposits in the State Savings Bank last year reached the large amount of \$831,800,000, of which \$141,120,000 was in Government securities. During 1909, the year of an exceptional harvest, they increased by \$40,800,000, and during 1910 by no less than \$57,600,000; the increase last year was over \$28,800,000. For the years 1910-11 the Russian bank rate was $4\frac{1}{2}$ per cent. and remained at that figure in spite of political unrest in Morocco and the Mediterranean. The Russian commercial banks suffered, however; their credits in western Europe were curtailed and they were compelled to make heavy remittances, resulting in a drop of the exchange. The treasury then intervened and offered accommodation from its large deposits of foreign currency abroad, with an immediate beneficial effect. Toward the end of 1911 the Russian gold reserve was reduced to \$616,400,000, due to that cause. During the last eighteen months Russian banking operations have maintained the high level of 1910; thus during the latter year the available deposits and current accounts aggregate \$1,141,152,000, but that amount is far below

the corresponding one for 1911; it was, as a matter of fact, exceeded during the first half of that year. The totals for the private banks reached \$867,840,000 and for the State banks \$449,184,000. The total amount of Russian securities issued during 1910 rose to \$486,768,000; this amount includes \$79,200,000 of industrial stocks and bonds, equal to an increase of thirty-eight per cent. in two years. Of this amount \$345,460,000 were subscribed in Russia.

TRADES-UNION BANK FOR ENGLAND.

A SCHEME has now been prepared, and all the necessary formalities have been gone through for the registration of a trades-union bank in England under the companies and banking acts. A managing director and a secretary have been appointed. It is proposed that the bank shall be run entirely on co-operative lines, and its chief business will be to accumulate the reserve funds of the trades-union movement, amounting to between \$30,000,000 and \$35,000,000, with an annual turnover of about \$25,000,000. The bank will be conducted on the same lines as an ordinary bank, save that its profits will be distributed amongst the trade unions which hold the stock and are customers of the concern.

AN ENGLISH PLAN FOR LAND BANKS.

ALLAN McNEIL, in a paper on land banks, puts forward a concrete scheme for the formation of land banks in the United Kingdom. He says institutions formed for the sole purpose of financially assisting farmers in the purchase of their holdings and developing their industry had been established with marked success in other countries. Some solution of the present difficult question as to the future of agriculture in this country was

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surely possible. He submitted that a scheme could be devised which would enable farmers to purchase their holdings when offered for sale without increasing the annual payments which they now made to their landlords in name of rent, and which would at the same time return a reasonable rate of interest on the money advanced, provide a sinking fund for the redemption of the loan, and pay the working expenses of the institution. The system of land banks which he proposed was self-supporting and free from State control.

VISIT OF W. WESTERMAN.

W. WESTERMAN, president of the Bank of Rotterdam (Rotterdamsche Bankvereniging), is making an extended tour of investigation in Canada, after having represented the Rotterdam Chamber of Commerce at the recent convention of the Chambers of Commerce at Boston.

GERMANY'S BANKING PROBLEMS.

THERE are financial problems to worry Germany also. At the fourth general congress of German bankers, just concluded at Munich, interest centred in the protection of government funds. The bankers decried artificial support of State funds, and said that the best means of sustaining

government loans was to popularize them.

The congress declared that the regular quarterly strain on the Imperial Bank is mainly due to four causes—first, industrial and economic development, which, as a whole, is perfectly sound, and alone makes it possible for Germany to bear the heavy burden of military and naval armaments, and the scarcely less heavy burden of social legislation, which is in advance of that of all other countries; secondly, the antiquated system of payments in Germany, and especially the backwardness in adopting cash-sparing devices; thirdly, the high development of methods of employing all available capital which restricts "liquidity" and reduces cash reserves to a minimum, although it has created the means by which industrial progress has been so great during the last decades; fourthly, the financial methods of the Empire and of the States, which often pay too little regard to the state of the world's money market and to economic conditions, and adopt a purely "fiscal" point of view.

The congress recommended five remedies—first, the development of the clearing house system and payment by checks, the first requirement being the abolition of the stamp duty on checks which was introduced in 1909 and has diminished the use of checks while at the same time it has produced very little revenue; secondly, increase of the stock of gold in the Imperial Bank—(a) by increased issues of 20-mark and

50-mark notes in order to draw upon the abundance of gold which is in circulation, and (b) by attracting gold as much as possible from abroad; thirdly, the fixing of periodical payments so far as possible at other dates than the ends of quarters; fourthly, avoidance of the giving of excessive credit to all institutions which amass and use available capital, and insistence upon the maintenance of adequate credits, although the standard of adequacy should be decided according to the circumstances of every case and not by hard-and-fast regulations; fifthly, a greater consideration for general and economic conditions in the procedure of public bodies—especially the Empire and the larger States.

GERMAN GOLD RESERVE.

ACCORDING to the Imperial statistics the stock of coined gold in Germany, not including the Julius tower (the German war chest), which has been estimated at from \$669,144,000 to \$681,310,000, is calculated now as amounting to \$691,043,000. This, it is said, is not sufficient, and steps are being taken to increase the balance as an additional safeguard for any emergency that may arise.

RAILROADS OF RUSSIA.

A REPORT states that a group of Russian bankers have decided to take an active part in the construction of railroads in their empire. Not wishing to compete one with the other, a syndicate has been formed by the following eight large Russian banks: Siberian Bank, Azov-Don Bank, Russian Bank for Foreign Trade, International Bank, Russian-Asiatic Bank, Volga-Kama Bank, Russian Industrial Bank, United Bank. The syndicate also includes six foreign banks, headed by the Credit Lyonnais. The first steps have been successful, it is said, and the construction of a whole network of railroads has been handed over to it.

RUSSIAN BANKING REGULATIONS.

CONSUL GENERAL JOHN H. SNODGRASS of Moscow has forwarded a translation of the rules and regulations appertaining to the establishment of branches of foreign banks in Russia to the Bureau of Foreign and Domestic Commerce at Washington. This manuscript will be loaned, upon application, to interested individuals or firms.

AFRICA

BANKING IN EGYPT.

ACCORDING to the "Messaggero Egiziano" of Egypt, the Ministry of Finance in agreement with Lord Kitchener, has prepared a draft of a law for the inspection of both native and foreign banking establishments doing business in that country. The proposed inspection would be carried out by a special department to be attached to the Ministry of Finance.

LAND BANKS IN SOUTH AFRICA.

A MINISTERIAL land-bank is being discussed in Parliament for South Africa.

For some years a land bank existed in the Transvaal and for a shorter period in the Free State and Natal. In the last days of the Jameson government Sir Edgar Walton passed a similar measure through the Cape Parliament, but no money was provided, and it never began operations. The land-bank has proved a great success in the Transvaal. It has from the first made a profit; its advances are in thoroughly good order, which is the more remarkable in view of the financial position of various eleemosynary schemes devised for the assistance of old burghers and new immigrants in the Transvaal and it has resulted in bringing down the rate of interest on mortgages from the exorbitant rates charged after the war to reasonable figures. It now

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Deposits, \$3,322,958.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dredner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

needs further funds to continue and extend its operations. The bill provides for loans to individuals associating and offering joint and several liability, and this system has already answered remarkably well in the Transvaal.

ASIATIC

INDIA PROSPEROUS, DECLARES BANKER.

THAT the industries of India and Ceylon are booming with the vigor and alertness of our Middle West is the declaration of R. A. Nathan, of E. D. Sassoon and Company, Bombay, India, the ancient banking house of the Orient.

KOREAN BANK PROFITS.

IN the report of the Bank of Chosen (Korea) it is shown that this bank has been able to dispense with the government subsidy since the preceding term, when a dividend of six per cent. was declared. The same dividend will be maintained for the current term, the gross total of the profits amounting to \$131,000.

NEW MALAYSIAN BANK.

AT a largely attended preliminary meeting of shareholders of the proposed Chinese Commercial Bank (Ltd.), held at the Chinese Chamber of Commerce, Singapore, under the presidency of Lee Choon Guan, directors were elected, and it was decided to reg-

ister the company forthwith with a nominal capital of \$1,000,000 (Straits Settlements dollar equals \$0.5677 American currency). The present issue of \$2,000,000 is oversubscribed.

CHINESE NATIONAL BANK.

WORD received from Pekin, China, states that the Chinese National Bank, established as the basis of the new banking system in that country, has been progressing auspiciously since it opened on August 1.

CURRENCY AND BANKING IN KOREA.

MUCH interesting information regarding Korean banking and currency appears in the "Annual Report on Reforms and Progress in Chosen (Korea), 1910-11," compiled and published by the Government-General.

Under the tutelage of Japan the currency of Korea has been greatly improved and an excellent banking system developed. The central organ of finance is the Bank of Korea, located at Seoul. It has the right to issue notes to any amount against a corresponding reserve of Bank of Japan notes, gold or silver, but the silver reserve must not exceed one-fourth the total reserve. In addition bank notes may be issued to the extent of 30,000,000 yen on the security of State bonds or other bonds and commercial bills of a reliable nature, and beyond this to an unlimited

amount, subject to a five per cent. tax.

Besides the Bank of Korea, there are a number of ordinary banks, also agricultural and industrial banks and local people's banks.

The note associations for issuing and guaranteeing commercial paper constitute an interesting feature of the Korean financial system.

The report from which the foregoing information is obtained is one of the many admirable public documents issued under authority of the Japanese Government.

BANKING AT PEKIN.

IT is said that it is proposed to establish an Anglo-Chinese bank at Peking, by a contract with the Jackson syndicate of London and the Chinese Government. The bank will bear the name of Associated Commercial Banking Corporation, and will have a capital of \$10,000,000, equally subscribed by China and Great Britain. The principal offices will be in London, with a directorate composed of an equal number of representatives of China and nominees of the syndicate.

AN IMPORTANT JAPANESE BANK.

ONE of the important Japanese banks is The Bank of Taiwau, Ltd., whose head office is at Taipeh, Formosa. Its subscribed capital is 10,000,000 yen, of which 6,250,000 yen is paid up, and the reserve funds amount to 3,100,000 yen. The bank was incorporated by special imperial charter. It has over 20,000,000 yen in circulating notes, while the current accounts and fixed deposits exceed 38,000,000 yen. Total of the balance sheet on June 30, 1912, was 76,230,354 yen.

The Bank of Taiwau, Ltd., is under the management of Kazuyoshi Yagi, president, and Isotatsu Kajiwaru, Motonari Ninomiya and Iyetoshi Sada, directors.

AUSTRALASIA

AUSTRALIAN BANK DEPOSITS.

FROM "The Australasian Insurance and Banking Record" is obtained the accompanying statement of the bank deposits at the June quarter, 1912:

Deposits per Bank.	June Quarter, 1912.
Bank of New South Wales	£34,572,061
Bank of Australasia	17,144,299
Union Bank of Australia	20,257,264
Com. B. Co. of Sydney	20,300,899
Aust. Bank of Com.	3,296,401
Com. Bank of Aust.	6,384,007
National of Australasia	10,956,304
Bank of New Zealand	14,306,516
Queensland National Bank	7,183,654
E. S. and A. Bank	5,900,557
Bank of Victoria	6,551,121
London Bank of Aust.	4,731,715
Colonial of Australasia	3,967,957
City Bank of Sydney	1,750,977
Com. of Tasmania	1,829,851
National of New Zealand	3,796,823
Bank of Adelaide	3,310,157
Royal of Queensland	1,509,252
Royal of Australia	1,956,107
Bank of N. Queensland	878,149
National of Tasmania	649,655
Western Australian Bank	2,890,221
Total	£174,122,947

The publication mentioned states that public and private expenditures are on a scale rather unfavorable to saving. It regards the moderate increase in deposits and the large increase in advances, compared with a year ago, as unsatisfactory.

SAVINGS BANK OF SOUTH AUSTRALIA.

THROUGH the courtesy of W. B. Poole, manager of the Savings Bank of South Australia, THE BANKERS MAGAZINE has received a report of that institution for the year ended June 30, 1912.

The amount deposited in the bank during the year was £5,172,433, and the amount withdrawn £4,605,041. On June 30 there was £8,223,260 to the credit of depositors' accounts bearing interest and £17,084 not bearing interest. There were 222,988 depositors on the date named, the average to the credit of each being £42 12s. 9d.

Interest at the rate of 2½ per cent.

per annum, amounting to £3,232, was paid to those depositors who closed their accounts during the year, and interest at the rate of $3\frac{1}{2}$ per cent., amounting to £241,055 6s. 0d., was credited to depositors' accounts open on June 30, and the amount of £13,900 was set apart as accrued interest from June 7 to 30.

The gross profit for the year amounted to £289,118, an increase of £27,380 on the previous year.

BANK OF NEW SOUTH WALES.

THIS institution proposes to increase its capital from £3,000,000 to £3,500,000 by the creation of 25,000 new shares of £20 each. These new shares will be offered to the shareholders at par in the proportion of one-sixth of the shares held by them on December 1, 1912. All shares not subscribed are to be pooled and sold or otherwise dealt with by the board, and the proceeds in excess of £20 per share, after deducting all expenses, shall be divided amongst the holders of the old shares from which such shares have been derived in proportion to their interests respectively.

LATIN AMERICA

NATIONAL BANK OF CUBA OPENS BRANCH IN GUANTANAMO.

THE city of Guantánamo in Eastern Cuba was recently the scene of unusual festivity, by reason of the inauguration of a new building for the National Bank of Cuba branch in that locality.

Guantánamo, it will be recalled, is in the heart of a rich agricultural region, which, though less than fifty miles from Santiago, has until recently been quite isolated, owing to the lack of railroad and other transportation facilities.

Large American investments and the introduction of new industries there have made it an important competitive

field for banking in these latter days, and the opening of a new building for the National Bank of Cuba comes as a natural sequence to the new industrial development.

At the banquet, given September 7th in honor of the occasion, several prominent speakers made addresses in Spanish, including one of welcome by Señor Serrano Zayas, Mayor of Guantánamo, and other local authorities, to which William H. Morales, Secretary of the National Bank of Cuba, responded in behalf of the institution as follows:

"The president and board of directors of the National Bank of Cuba send



BUILDING TYPICAL OF THE 20 BRANCHES

from Havana a cordial greeting to the authorities, friends and patrons of our institution in Guantánamo, congratulating them for the spirit of local progress which has made possible the dedication of a modern building to meet the financial needs of this community.

"The inauguration of a rich and ornate building, equipped with banking improvements of the latest type, means more than the expansion of business by a credit institution. It is a public avowal of the confidence felt by the banking interests of this country and abroad in the economic stability of Cuba, and of a desire by the National Bank of Cuba to place at the disposition of its patrons the best facilities possible.

"The 500 miles of distance between this city and Havana have been greatly reduced in point of time, within the last decade. It is an old adage that in the trail of the railroads the banks are established, and these, as centres for the circulation of money and credit, become powerful agencies in building

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This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

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This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, Mgr.

—CORRESPONDENCE IS INVITED—

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. **MEXICO, D. F.**

President—F. PIMENTEL Y FAGOAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

up a community. In the case of Guantánamo it is gratifying to note that the rule has been fully confirmed. When the National Bank of Cuba opened a branch here seven years ago, the city was secluded from the other centres of population, whereas to-day it stands in close touch with them all, forming part of the great network of branches through which the resources of the country are circulated.

"Experience has shown that in Cuba the system of branch banking is by far the most practical that has been tried. By its means the funds of a single institution are available for the various localities, in an effective and economic manner.

"Attention has oftentimes been drawn to the fact that in Cuba there are no monetary panics such as occasionally occur in larger countries. In 1907, for example, when the great financial centers of the world were shaken by the acute crisis of that year, this country sent abroad \$14,675,000 in cash, as shown by the official statistics. The reason of this remarkable condition may be found in the fact that in Cuba the movement of money and credit is rendered safe and rapid by means of a central banking institution with local ramifications and strong connections abroad, which supplies funds according to varying needs. The business elements here possess, moreover, a feeling of uniform confidence in the financial men and institutions of the country.

"It is needless to go at length into statistics in order to show the progress of Cuban banking in recent years. As a result of the increase of its capital from \$1,000,000 to a capital and reserve of over \$6,000,000, the National Bank of Cuba has placed more than \$38,000,000 of aggregate assets in circulation within the island, as shown by its balance sheet, as a guaranty to depositors against all contingencies. The automatic movement of this volume of assets throughout the twenty-seven commercial centers where the bank has branches, is ample demonstration of the beneficial influence of modern banking in Cuba.

"There is another aspect of our banking experience which has found popular sympathy and support, and that is the interest shown by the institution in the intellectual progress of its men. In Havana a group of young bank men organized, three years ago, Cuba Chapter of the American Institute of Banking, as a branch of the central organization in the United States.

"To the president of our institution we are indebted for the handsome suite of offices which are the headquarters of Cuba Chapter. There the study of themes on banking and finance is pursued daily, in connection with the work of practical banking which is essential to a full understanding of the business in Cuba.

"The value of this instruction can be appreciated when it is considered that

our various branch managers are taken from employees of the bank who are thus trained in the work of theory combined with practice.

"It has long been the custom to send delegates from Cuba to the important banking conventions held in the United States from time to time, and our institution has had the honor of sending three delegates abroad so far this year. The importance of having Cuba represented at these conventions is at once apparent, because it means a knowledge of outside conditions and closer relations between our bankers and those of the United States, which could not be cultivated in any other way.

"We venture to predict a great future for Guantánamo. The Panama Canal, which will soon be open to traffic, is, no doubt, destined to exercise a strong influence over this part of Cuba, by bringing it into contact with important foreign markets. Considering the great potential wealth of this region and the influx of capital which is constantly taking place, it is beyond peradventure that the city which it has been our honor to visit on this occasion is soon to become a distributing point for the products of Eastern Cuba."

BANK'S BRANCH IN ARGENTINA.

A BRANCH of the Banco Frances é Italiano de la America del Sud has been opened in Argentina.

PROSPERITY IN BRAZIL.

THE enormous increase in foreign, especially in American, capital brought to Brazil between 1909 and 1911 is shown in a report prepared by the Minister of Agriculture. Two Brazilian and twenty-one foreign companies were authorized during the year 1909, nine Brazilian and twenty-three foreign ones in 1910 and thirteen Brazilian firms and forty-three foreign ones in 1911.

The Brazilian companies in 1911 represented a total capital of 13,597 contos of reis, an increase of 2,299 per cent. over 1909.

The foreign capital in 1911 totalled 311,518 contos of reis, an increase of 484 per cent. over 1909. Among these the capital of American companies led with 212,039 contos of reis, an increase of 4,537 per cent., compared with 1909.

NEW COLOMBIAN-GERMAN BANK.

FINANCING a German-Colombian corporation in Medellin, capital of the Department of Antioquia, has been completed, by the establishment of a bank in that place with a branch in Barranquilla. The capital is 3,000,000 marks (\$714,000), of which 2,000,000 marks were placed in Germany and 1,000,000 marks in Colombia, largely among the local German interests in Medellin and Barranquilla. The largest influence in the bank is said to be A. Held, of Hamburg, Bremen, and New York.

SOUTH AMERICAN BANK MERGER.

BBRITISH banking in South America will be more strongly represented by the proposed amalgamation of the London Bank of Mexico and South America, Limited, with the Anglo-South American Bank. The latter bank was originally the Bank of Tarapaca and London, started chiefly to work in the nitrate region of Chili. Later it absorbed the Anglo-Argentine Bank, and took its present title. Its paid-up capital is £1,250,000 and the reserve fund £900,000.

The really important character of this merger lies in the fact that the London Bank of Mexico holds blocks of shares in a number of large banks in Central and South America, thus greatly extending the banking connections of the Anglo-South American Bank in those countries.

AN IMPORTANT BOSTON BANK CONSOLIDATION

THE recent merger of the Merchants National and State National Banks of Boston is of more than ordinary interest, involving as it

the strong interests now in control the bank is destined to become still larger and to play an important part in the future of the city.



NEW BUILDING NOW UNDER CONSTRUCTION FOR THE MERCHANTS NATIONAL BANK, BOSTON

does two of Boston's old-time banks, well known to many generations of financial interests.

This merger has resulted in making the Merchants National Bank the third in Boston in point of deposits, and with

With capital of \$3,000,000, surplus and undivided profits of \$3,700,000, deposits of over \$25,000,000 and total resources well above \$30,000,000, it will have the necessary means to care for the requirements of big business, and in

addition to its financial resources it will shortly have in its new building ample physical facilities for conducting a business of the largest magnitude.

The new building, which is now being erected on the site of the old Merchants Bank building in State street will be a handsome structure of ten stories, of which the first two and basement will be occupied by the bank. In its location at the heart of financial Boston and in the space and facilities placed at the disposal of its patrons, it will be the equal of any bank building in New England.

The Merchants Bank was established as a State institution in 1831 and became a National bank in 1864. Since 1831 it has paid out in dividends over \$17,000,000.

Under the merger President Ripley becomes first vice-president of the Merchants, the official board becoming as follows:

President, Eugene V. R. Thayer; vice-president, Alfred L. Ripley; vice-president and cashier, A. P. Weeks; assistant cashiers, Frederick C. Waite and William F. Burdett.

Directors—Howard Stockton, F. L. Higginson, Charles W. Amory, George P. Gardner, Timothy E. Byrnes, George Wigglesworth, Eugene V. R. Thayer, Henry Parkman, James L. Richards, C. Minot Weld, Robert S. Bradley, Alfred L. Ripley. Other members of the State National board will be added to the directorate at the coming annual meeting.

Eugene V. R. Thayer, who was elected to the presidency of the Merchants National recently, though one of the youngest bank presidents in Boston, is widely associated with the big business interests of the country. He is a director of the Old Colony Trust Co., American Trust Co., the New England Trust Co., and trustee of the Provident Institution for Savings of Boston, and a director of the American Telephone and Telegraph Co., the Chicago Junction Railways and Union Stock Yards Co., the Chicago & Eastern Illinois R. R. Co., Hamilton Woolen Co., Kansas City Stock Yards Co., St. Louis & San Francisco R. R. Co., St. Mary's Mineral Land Co., and other railroads and corporations.

BANKING AND FINANCIAL NOTES

EASTERN STATES

NEW YORK CITY

—In order to enter the firm of Austin, Nichols & Company, Lewis E. Pierson, the well-known president of the Irving National Bank, who held successively the presidency of the New York State Bankers' Association and American Bankers' Association,

has resigned. No successor has yet been named. Mr. Pierson is a director of the Broadway Trust Company and a trustee of the Irving Savings Institution. The Irving National Bank, during his connection with it since 1898, has grown from an institution of \$2,000,000 resources to one with resources totaling over \$50,000,000.

—American bankers represented in the six-power groups of bankers which offered to finance the Chinese Government reorganization, Messrs. J. P. Morgan & Co., Kuhn, Loeb & Co., the First National Bank and National City Bank of New York, have issued a statement regarding their failure to get the loan.

"The conditions upon which the groups were prepared to make the loan were submitted to the Chinese Government," says the statement, "and were declined by it, not because of the financial terms, but because of the safeguards required.

Chauffeur's Complete Outfit Sacrificed

Consisting elegant mink fur lined coat, Persian lamb collar, \$35; pair of elegant bear robes, \$15 each; raccoon cap, \$6; pair of fur gloves, \$4; pair of goggles, 50 cents; one pair leather leggings, \$3.50. Will sell separately or the lot; all new, never worn. Original price, \$225.

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Our First President

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RICHMOND, VA.

Capital \$200,000
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"ON TO RICHMOND"

"After the most careful consideration of conditions in China and the difficulties of the Chinese Government, these requirements were deemed to be essential. On these terms a loan would have been considered by the groups to be a sound investment, despite the provisional character of the Chinese Government. But without such safeguards they would not feel justified in offering to bonds to the public. Neither were the governments willing to support, nor the groups to undertake, a loan which would so largely increase China's debt without insisting upon the inauguration of reforms which would enable her to sustain it."

—One of the finest safe deposit vaults in the world has just been contracted for by the directors of the National Park Bank. Incidentally it will include the heaviest door ever constructed. The work is being built by the Bethlehem Steel Company upon the designs and under the supervision of Frederick S. Holmes, the vault engineer.

—George C. Finck, a clerk in the receiving tellers' department of the Guaranty Trust Company of New York, recently detected a \$1,000 bill which had been advertised as stolen from the office of the Ameri-

can Express Company in Berlin, Germany, several months ago.

Thanks to Mr. Finck's sharp eyes the express company was able to trace back the bill and identify the thief, who was located and arrested in South Africa.

Mr. Finck received a letter of cordial thanks and congratulations from the express company and also a check for a substantial amount.

—It is said that Amadeo P. Giannini, vice-president and manager of the Bank of Italy, San Francisco, Cal., is planning the establishment of an Italian bank in New York on the lines of the western institution. Should the plan be carried out, the capital stock will probably be \$500,000.

—Announcement is made that the firm of J. P. Morgan & Co. will shortly begin work on a new building on the site of the present Drexel Building (occupied by the firm), at Wall and Broad streets, taking in the property of the Mechanics and Metals' National Bank, recently purchased. The site of the new building is one of the most valuable in the city. It is expected that the new structure will be seven or eight stories and it will be occupied exclusively by Messrs. J. P. Morgan & Co.

—Channing Rudd, formerly of Rhoades & Co., has become associated with the international banking house of Alexander Brown & Sons of Baltimore, as manager of their investment department.

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL	SURPLUS
\$1,000,000	\$1,000,000

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cash.

DIRECTORS

James McCutcheon	Samuel Adams
Charles T. Willis	William H. Gisham
Euel W. Poor	Morgan J. O'Brien
Thomas D. Adams	

Richmond National Bank

Richmond, Virginia.



Capital
\$300,000

Surplus and Profits
\$1,438,000

OFFICERS

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas

—Charles H. Sabin, vice-president of the Guaranty Trust Company of New York, has been elected a director of the National Railways of Mexico.

—Because of his many increasing associations, Frank S. Witherbee has resigned as a director of the Chatham and Phenix National Bank, as well as the Citizens' National Bank of Port Henry, N. Y.

—The Corn Exchange Bank has opened a branch at the corner of Tremont and Arthur avenues, in the Bronx, to be known as the Tremont Branch.

—At the annual meeting of the Clearing-House Association, held October 1, Francis L. Hinc, president of the First National Bank, was elected president, succeeding A. Barton Hepburn, who has held that office for the past two years. Stuart G. Nelson, vice-president of the Seaboard National Bank, was elected secretary, to succeed Edward Earl, president of the National Nassau Bank, who also had served two terms. William Sherer and William J. Gilpin were re-elected manager and assistant manager, respectively. These committees were elected:

Clearing-House Committee—Walter E. Frew, chairman; Richard Delafeld, Otto T. Bannard, Albert H. Wiggins, and William Woodward.

Conference Committee—Clarence H. Kelsey, Lewis L. Clarke, Joseph T. Talbert, A. S. Frissell, and John T. Sproul.

Nominating Committee—George F. Baker, Jr., Benjamin Strong, Jr., David H. Rowland, William A. Simonson, and Casimir Tag.

Committee on Admissions—Joseph B. Martindale, Samuel S. Conover, Pierre Jay, Edwin S. Schenck and Lewis E. Pierson.

There are now thirty-one national banks, seventeen State banks and sixteen trust companies members of the association. The assistant treasurer of the United States at the sub-treasury also makes his exchanges with the banks at the clearing-house. Be-

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CHICAGO

BAKER-VAWTER COMPANY

HOLYOKE, MASS.



sides the members, twenty-six banks and trust companies in the city and vicinity make their exchanges through the clearing house through the medium of banks that are members.

Exchanges during the year totaled \$96,672,300,863 and balances \$5,051,262,291, against \$92,420,120,091 and \$4,388,563,113, respectively, in 1911. The largest exchanges in any one day were \$572,932,728 on July 2, which compares with the record of \$736,461,548 on November 3, 1909. The largest daily balances in the year were \$41,620,233, on June 1, which compares with the record balances of \$42,331,709 established October 3, 1905.

—President Willard V. King of the Columbia-Knickerbocker Trust Company, has been elected a trustee of the New York Life Insurance Company.

—A Ludlow Kramer, of the Equitable Trust Company of New York, has been appointed chairman of the Committee on Foreign Relations in the Investment Bankers' Association.

—An additional branch of the Broadway Trust Company is to be opened in the Woolworth Building as soon as that structure is completed.

—F. W. Ellsworth, the well-known publicity manager of the Guaranty Trust Company, has accepted the chairmanship of the publicity committee in the American Institute of Banking.

—Upon the completion of the Forty-Second Street Building, now being erected at Madison avenue and Forty-Second street, the Central Trust Company of 54 Wall street will establish a branch there.

BOSTON

—The Paul Revere Trust Co. of Boston, organized in 1910, will shortly take a larger part in Boston's financial affairs, after a reorganization which brings into the company important interests which will add



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PRESIDENT OF THE PAUL REVERE TRUST CO.

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FUR AND FUR-LINED COATS OF EVERY
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126 WEST 42ND STREET

NEW YORK

THE SECOND NATIONAL BANK

111 Devonshire St., BOSTON

Capital	-	-	-	-	\$2,000,000
Surplus	-	-	-	-	2,000,000

OFFICERS

THOMAS P. BEAL	.	.	.	.	.	President
WALLACE L. PIERCE	.	.	.	.	.	Vice-President
THOMAS P. BEAL, Jr.	.	.	.	.	.	Vice-President
T. HARLAN BREED	.	.	.	.	.	Cashier
JOHN H. SYMONDS	.	.	.	.	.	Assistant Cashier
FRANK H. WRIGHT	.	.	.	.	.	Assistant Cashier

much to the company's strength and prestige. An important feature of this change will be the removal of the company to larger and more desirable quarters at 54 Devonshire st., right in the heart of the financial district of the city. Edmund Billings, who resigned the presidency of the company some months ago, resumes that office under the new control, and strong names have been added to the board of directors. The full list of officers and directors follows: Officers—President, Edmund Billings; vice-presidents, J. H. Turnbull and James Jackson; secretary and treasurer, Wallace H. Pratt. Directors—Francis N. Balch, of Hunneman & Balch; Edmund Billings; J. A. Lowell Blake, of Blake Bros. & Co.; Alfred H. Colby, of Andrew Dutton & Co.; Walter C. English; Frank Epstein, of Epstein Drug Co.; Robert H. Gardiner, Jr.; William Hoag, of Hoag & Catheron; James Jackson; Colman Levine, of Colman Levine & Co.; Robert Luce, of Kaan & Luce; Herbert W. Mason, of S. D. Warren & Co.; William Minot; Lehman Pickert, of L. Pickert Fish Co.; William M. Prest; Louis Rosenberg; David Stoneman; Milton S. Thompson, of The Stork Co.; H. Ulin; Barrett Wendell, Jr., of Lee, Higginson & Co.; Alexander Whiteside, of Warren, Garfield, Whiteside & Lamson; Samuel H. Wolcott, of Brown

Bros. & Co.; Philip W. Wrenn, of Wrenn Bros. & Co.

—Primarily prompted by a conservative regard for added protection to its numerous depositors, the Old Colony Trust Company has decided to issue \$1,000,000 new stock at \$150 a share.

With its \$6,000,000 capital stock the Old Colony Trust Company will be not only the largest trust company in New England, but the third largest in the United States. As the outstanding stock is quoted around \$400 a share, the privilege of subscribing for the new stock at \$150 a share in the ratio of one share of new stock for every five shares of old stock will yield the stockholders rights worth approximately \$42 a share. It is expected that the present dividend rate of ten per cent. will remain unchanged.

—John R. Macomber, of N. W. Harris & Co., and John S. Lawrence, of Lawrence & Co., have been elected to the board of the Boston Safe Deposit and Trust Company.

—It is proposed to consolidate the Merchants and State National Banks, to form a bank of some \$25,000,000 deposits, making it the fourth largest national bank in the city. The understanding seems to be that the State National is to be liquidated and

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We are now prepared to furnish the Audiffren-Singrun Refrigerating Machine in sizes to meet the requirements for cooling refrigerators, cooling drinking water, and making ice in residences, apartment houses, hotels, hospitals, office buildings, etc.

That this machine has long since passed the experimental stage is proven by the fact that over eight hundred of them are in daily operation in Europe, many having been in use for over five years without repairs or recharging of the refrigerant.



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has no joints, valves, gauges or stuffing boxes, and no connections to leak. Anyone can easily operate it—all that is necessary is to keep this machine supplied with water and power. And it can be operated by electric motor, gas or gasoline motor, steam, oil or hot air engine, or any other available power.

It is cheaper to use this machine than ice. It keeps food in better condition due to the lower temperatures and dryer air produced. Does away with the slime, dirt and unsanitary conditions caused by ice. It is absolutely safe.

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Baltimore	Cleveland	Los Angeles	New York	Seattle
Boston	Dallas	Louisville	Omaha	St. Louis
Buffalo	Detroit	Milwaukee	Philadelphia	Syracuse
Chicago	Indianapolis	Minneapolis	Pittsburgh	1785

following liquidation stockholders will be given an opportunity to take stock in the Merchants on the basis of one share of Merchants, at \$300 a share, for every share of State.

—Control of the Paul Revere Trust Company has been acquired by interests affiliated with Lee, Higginson & Co. As a result former President Edmund Billings, who, with eleven other members of the board, resigned last June, has been re-elected president and the majority of this directorate will assume their former places.

—At the first of the season's dinners held by the Boston Chapter of the American Institute of Banking, graduation certificates were presented to twenty-seven men. Robert H. Bean, president of the chapter and member of the executive council in the national organization, presided.

PHILADELPHIA

—Succeeding Frank H. Taylor, who resigned, J. W. Nicholson has been elected a director of the Provident Life and Trust Company.

—Thomas S. Gates has been elected president of the Philadelphia Trust, Safe De-

posit and Insurance Company. Mr. Gates was formerly vice-president of the Pennsylvania Company for Insurance on Lives.

—Louis Fleischer has been elected president of the People's Trust Company, to take the place of Joseph L. Greenwald, resigned.

—J. S. & W. S. Kuhn, Inc., bankers, of Pittsburgh, who have offices in most of the larger American cities, have opened a branch in Pinners Hall, London, and also established connections in Paris, Amsterdam and Brussels.

—A new trust company, to be known as the Federal Trust Company, is being organized at Bridgeport, Conn. A charter was obtained for it several years ago in the interest of one of the local banks and under the old charter laws. Arrangements are in the hands of Hosea Mann, cashier of the Torrington National Bank, of Torrington, and his son, Ralph H. Mann, treasurer of the Manchester Trust Company of Manchester, Mass. It is planned to sell the shares of the new company, par \$100, at \$200, to raise \$500,000, furnishing \$250,000 capital and \$250,000 surplus.



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—The First National Bank, White River Junction, Vt., has chosen the Irving National Bank, New York, as a reserve agent.

—Articles of incorporation have been filed in the Delaware State Department at Dover for the American Bankers' Safety Company of New York city, the object being to manufacture, sell and deal in all kinds of banking equipment, such as vaults, safes and safe deposit boxes, for the protection of money, securities, etc. The total authorized capital stock is \$3,000,000.

The incorporators include George M. Judd, Charles E. Selover, W. A. Barteau, C. A. Mallfield, all of New York city.

—Sprigg D. Camden of Parkersburg, W. Va., has been elected a director of the Fidelity Trust Company, Baltimore, Md.

—The City National Bank, Ventnor, N. J., opened for business the past month.

—To fill the vacancy caused by the death of Howard Comfort, J. Edward Durham has been elected a director of the National Bank of Germantown (Pa.)

—For their reserve agent in Philadelphia, the Wilber National Bank, Oneonta, N. Y., has selected the First National Bank of that city.

—Edgar G. Miller, Jr., who retired as president of the Title Guarantee and Trust Company of Baltimore, last June, has been again elected to that office, the directors having prevailed upon him to resume the post, which became vacant through the recent death of George C. Morrison. Mr. Miller has also been made president of the Mortgage Guaranty Company, which is allied with the title company.

—At Buffalo, N. Y., the newly arranged banking rooms of the German-American Bank have been recently opened for business.

—Irving D. Ferry, president of the Agricultural Bank, Pittsfield, Mass., recently completed fifty years of service with that institution.

—For twenty-eight years treasurer of the Worcester (Mass.) Five Cents Savings Bank, J. Stewart Brown was elected president and a trustee of the bank recently, to fill the vacancy caused by the death of Henry M. Witter.

—At the special meeting of the stockholders of the First National Bank of Pittsburgh, October 14, the increase in the capital stock from \$1,000,000 to \$2,000,000 was authorized. Stockholders will be per-

Capital - \$2,500,000.00

FIRST
NATIONAL
BANK

Deposits, \$32,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,593,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

mitted to subscribe for the new stock at \$175 a share. The sale of the stock will net the bank \$1,750,000 cash.

SOUTHERN STATES

—On October 28 the Commercial National Bank of Shreveport, La., opened their new home, considered by many one of the finest bank buildings in the South.

—Efficiency in electric alarm gongs for bank protection was tested to advantage by an amusing, but nevertheless convincing, incident recently, when, by accident, a book-keeper in the Bank of Commerce and Savings Company, Chattanooga, Tenn., going early to the bank in order to finish some work started the day before, unintentionally touched the combination to the safety deposit vault door, setting off the gongs both inside the bank and on top of the building with a furious clamor that sent alarm through the surrounding streets. Policemen answered at once, and the few passers-by on the street at that early hour gathered around the bank to see what the

noise was all about. There was no stopping the clamor until the switch, located inside the cash vault, could be reached, and not knowing the combination on the door of that vault, the bank clerk made haste to get in touch with President C. L. Knoedler, who finally ended all the commotion.

—In its financial and commercial review of October 1, the First National Bank, Birmingham, Ala., expresses optimism in regard to the present business situation and states that the advancing boom has every appearance of being substantial.

—Rare coins and currency numbering 10,000 pieces and ranging in age from before the birth of Christ to the latest issue of United States currency and coinage, have been on exhibit recently at the Third National Bank, Atlanta, Ga.

—The State National Bank of Fort Worth, Texas, has decided to increase its capital from \$200,000 to \$500,000.

—At Winnsboro, S. C., the Bank of Fairfield has moved into its new quarters.

—A condensed statement of 116 State banks and trust companies doing business in Maryland, September 4, 1912, shows loans and discounts, \$43,800,294; capital stock paid in, \$13,233,820; surplus fund, \$12,382,493; undivided profits, less expenses, \$3,732,388; time and demand deposits, \$74,032,259; total resources, \$110,959,326.

—Foundation work for the new building of the Texarkana (Texas) National Bank has been completed and work is being carried on rapidly. The building will cost \$200,000.

—Capitalists of Memphis, Tenn., have organized a \$1,000,000 institution in that city called the Commonwealth Trust Company. Many influential men are interested in the project.



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Surplus and Profits - - - 457,000.00
Deposits - - - 6,290,000.00

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C. E. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
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The Union National Bank

CAPITAL \$1,600,000.00 **Cleveland, O.** SURPLUS AND PROFITS
\$1,000,000.00

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier
W. E. WARD, Asst. Cashier

W. C. SAUNDERS, Asst. Cashier
E. E. CRESWELL, Asst. Cashier

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

—At the annual meeting of the Kentucky Bankers' Association, held at Louisville, Ky., the following officers were elected for the ensuing year: John E. Buckingham of the Paintsville National Bank, Paintsville, president; Arch B. Davis of Louisville, secretary, and Henry D. Ormsbee of Louisville, treasurer. Executive committee for a period of three years, H. C. Sharp, Maysville; Matt M. Waller, Morganfield, and W. C. Montgomery, Elizabethtown.

—Under an authorization made by the stockholders some time ago the capital stock of the Citizens and Southern Bank, Savannah, Ga., was increased October 1 from \$700,000 to \$1,000,000. Likewise the surplus account was increased to \$1,000,000. This was accomplished by transferring \$300,000 from the undivided profits to the surplus account. The total resources of the bank are over \$10,500,000.

—The Macon, Georgia, National Bank, capitalized at \$150,000, opened for business recently. The officers are: Richard F. Lawton, president; Robert G. Jordan and Jesse B. Hart, vice-presidents; Richard E. Findlay, cashier; Henry C. King and Ben S. Heard, assistant cashiers. Finance committee, Sam Guthman, chairman; R. F. Lawton, R. G. Jordan, J. B. Hart and J. I. Jessup.

—In Harrodsburg, Ky., the State Bank and Trust Company has increased its capital stock from \$60,000 to \$75,000.

—At the annual meeting of the stockholders of the Bankers Trust Company, Houston, Texas, on September 3, a statement was submitted showing: Capital, \$2,000,000; surplus and undivided profits, \$912,091.62. Net earnings for the past year were \$274,582.02, or over 13½ per cent. Besides paying the customary dividends during the year, \$100,000 was added to permanent surplus account.

—A large meeting of the Jacksonville (Fla.) Chapter, American Institute of

Banking, was held on September 27. Interesting addresses were given by Vice-President George R. DeSaussure of the Barnett National Bank of that city and Vice-President of the Chapter Camille S. L'Engle.



J. W. HOOPES

WELL-KNOWN AND POPULAR BANKER OF TEXAS, A RECENT PRODUCT OF THE STATE, WHO HAS BEEN VICE-PRESIDENT OF THE AUSTIN NATIONAL BANK FOR THE PAST FOUR YEARS AND HAS JUST BEEN ELECTED VICE-PRESIDENT AND CASHIER OF THE CITY NATIONAL BANK, GALVESTON, A STRONG AND PROGRESSIVE INSTITUTION.

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D. R. FRANCIS, Vice-President
A. L. SHAPLEIGH, Vice-President
GEO. E. HOFFMAN, Cashier

E. B. CLARE-AVERY, Assistant Cashier
J. P. BERGS, Assistant Cashier
D. A. PHILLIPS, Assistant Cashier
L. K. WISE, Assistant Cashier

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - - \$1,700,000.00

Surplus and Undivided Profits \$1,800,000.00

A COMMERCIAL BANK

Interviews and Correspondence Invited

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G. A. von BRECHT,
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CHAS. A. COX,
President Cox and Gordon
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President Wertheimer-Swartz
Shoe Co.
C. W. WHITELAW,
Pres. Polar Wave Ice & Fuel Co.

WESTERN STATES

CHICAGO

—Investment bankers from all parts of the country attended the recent meeting here to make plans for advancing the purpose and character of the new Investment Bankers' Association.

—In its monthly financial letter of October 1, the National City Bank reviews present conditions as encouraging in every respect and states that a general expansion can be looked for before long.

—These bankers from Chicago and vicinity are making an extended trip of inspection through the West:

Chicago—George B. Caldwell, vice-president Continental and Commercial Trust and Savings Bank and president Investment Bankers' Association; J. L. Martin, Jr., manager Estabrook & Company; Walter A. Graff, vice-president, McCoy & Company; Jos. A. Rushton, Babcock, Rushton & Company; Richard Fitzgerald, manager bond department Hibernian Banking Association; George Leach and Joseph W. Harris, of A. B. Leach & Company; E. A. Lawbaugh, vice-president Brayton & Lawbaugh, Ltd.; Frederic T. Boles, president

Lord & Bushnell Company; John A. Shannon, John D. White, W. F. Braun, W. J. Engle, of Continental & Commercial Trust and Savings Bank. St. Louis—Felix T. Hughes, bond officer Mississippi Valley Trust Co. Minneapolis—F. A. Chamberlain, president Security National Bank; E. W. Decker, president Northwestern National Bank; A. A. Crane, vice-president, First National Bank; E. M. Stevens, of Stevens, Chapman & Company; M. J. Scanlon, A. S. Brooks, B. F. Nelson of Powell River Company.

—It is understood that the directors of the Colonial Trust and Savings Bank are about to increase the capital stock from \$600,000 to \$1,000,000. The \$400,000 new capital being offered to shareholders at par in the ratio of two-thirds of one share of new for each share of old. The stock is quoted at about 216 bid, which would make the rights equal to about \$46.40 per share.

—Two-thirds of the stockholders in the La Salle National Bank, of which former Senator William Lorimer is president, have approved the plan to convert the bank into a State institution. The reason assigned for the proposed change is that it can earn more money as a trust and savings bank than as a national bank.



E. G. ALCORN
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AMERICAN SCHOOL OF BANKING, 130 McLene Building, COLUMBUS, OHIO.

—A permit for the organization of the Northern Illinois Trust and Savings Bank, with \$200,000 capital, was recently issued to Albert H. Tyrrell, George R. Kent and William H. Mulholland.

—Neil J. Shannon has been elected trust officer of Foreman Brothers Banking Company, which recently established a trust department.

—It was in the year 1894 that Thomas J. Bolger entered the investment business, making a specialty in selling special assessment bonds of the city of Chicago and neighboring towns. In 1897 he realized the high class of investments offered by the tax bond and decided to broaden the business, to include direct obligation tax bonds. In

order to facilitate the business of selling what he considered to be the highest form of investments, he organized the firm of Thomas J. Bolger & Co. Gradually, through his high ideals of investment security and his business integrity, he was enabled to add



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—N. Y. Evening Telegram.

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253 Broadway, New York

considerably to his small beginning, and in the year 1901 incorporated under the firm name of Thomas J. Bolger Company, with the following men as his associates: Samuel T. Mosser, Stacy C. Mosser and Edson S. Willaman. The business from that time until the present has grown gradually, but permanently, until the house bearing his name is conceded to be one of the strong,



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New York

substantial concerns of the Middle West. In February, 1912, the firm name was changed to Bolger, Mosser & Willaman, with the following as officers: Thomas J. Bolger, president; Samuel T. Mosser, vice-president; Stacy C. Mosser, secretary; Edson S. Willaman, treasurer. One thought has always been uppermost in the minds of all connected with the business, namely, investigate carefully, with the idea that others are depending upon your judgment. It has been the policy of the firm to secure the confidence of the investing public, and to merit that confidence by just and honest dealing. Coupled with the above thought, there is permanently instilled into the minds of the members of this firm the thought that there is no security upon which a firm can better build confidence than the municipal bond, better known as "tax bond," relying upon the old adage, "There is nothing sure but death and taxes."

Mr. Bolger has always been interested in public affairs, looking toward the welfare of city, state and nation. He has often expressed the idea that investment bankers should get together, and in doing so seek in some positive and definite way to safeguard, among investment bankers, the investing public, and is ready to do anything he can, personally or with the aid of his associates,

to further any association of bankers having this idea in mind.

—One of the particularly prominent bankers of Berlin, Germany, Hugo Schmidt, has recently been visiting St. Louis and vicinity, where he and his associates are largely interested in land mortgages.

—F. W. Wardwell, president of the Cleveland, Ohio, National Bank, states officially that any reports of the merger of the Cleveland National Bank and the National City Bank with a third banking institution of that city are incorrect as far as the

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Cleveland National Bank is concerned. He adds that no such negotiations are pending or even considered.

—E. I. Sternberger of Cincinnati has been elected president of the Commercial Bank of Jackson, Ohio, to succeed M. I. Sternberger, his brother, who died recently.

—At the annual meeting of the stockholders of the West St. Louis Trust Company, St. Louis, Mo., the following officers were elected: Conway Elder, president; Jacob Maurer, first vice-president; William

Gilker, second vice-president; Gustav Petzoldt, third vice-president; A. F. Laumann, secretary and treasurer; Clarence P. Stroether, John M. Grant and J. H. Meyers, directors.

—A start has been made on the foundation of the new Pasadena National Bank building in Pasadena, Cal., which is to be erected at the southwest corner of Colorado street and Broadway, and which, when completed, is to be one of the handsomest pieces of business property in that city.

—Herbert Witherspoon, vice-president of the Spokane and Eastern Trust Company, Spokane, Wash., and well-known as a prominent banker on the Pacific Coast, was chairman of the committee in Spokane that entertained George B. Caldwell, vice-president Continental and Commercial Trust and

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Savings Bank, Chicago, and president Investment Bankers' Association of America, with twenty other leading bankers on their visit to that city October 27-28, during an extended trip of inspection in the West.

—A large issue of Spokane (Washington) city improvement bonds has been purchased by the Spokane and Eastern Trust Company. The issue amounts to approximately \$380,000.

—It is announced that Levi Ankeny, the Walla Walla banker, who is also a director in the Old National of Spokane, has sold his interest in the First National of Baker, Oregon, to William Pollman, John Schmitz and J. N. Teal of Portland. The new owners have increased the capital stock to \$200,000, and have reorganized the institution. The following officers have been elected: William Pollman, president; J. H. Parker, vice-president; who, together with J. N.

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O. S. MORTON, Asst. Cashier.
JOHN TYLER, Asst. Cashier.
W. H. SLAUGHTER, Asst. Cashier.

Teal, George Chandler and John Schmitz, constitute the board of directors.

—At St. Joseph, Mo., the Merchants' Bank and First National Bank of Buchanan County have consolidated under the name of the latter.

—To the board of directors of the Northwestern National Bank of Minneapolis there has been added the name of Louis W. Hill,

chairman of the board of directors of the Great Northern Railway and a member of the directorate in the Merchants' National and First National Banks of St. Paul and the First National Bank of Duluth.

—At the recent convention of the American Bankers' Association, held at Detroit, a Cincinnati banker was honored by election as chairman of the executive council of the association. This honor fell to T. J.

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MARINE NATIONAL BANK, Buffalo.	SECOND NATIONAL BANK, Boston.
MUTUAL LIFE ASSURANCE	COMPANY OF CANADA.

Davis, cashier of the First National Bank of Cincinnati, whose portrait is presented above.

—At a recent meeting of the Montana Bankers' Association, held at Kalispel, these officers were elected: President, James T. Wood, cashier First National Bank, White Sulphur Springs; vice-president, D. R.

Peeler, president Bank of Commerce, Great Falls; secretary and treasurer, Mark Skinner, cashier First National Bank, Great Falls.

—It is claimed that the purchase of the Second National Bank, St. Paul, Minn., by James J. Hill, will add to that city's importance as a large western financial centre.

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LLEWELLYN A. WRAY

ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS

—Addison H. Hough was elected recently to the board of directors of the National City Bank, Cleveland, O.

—With a capital stock of \$2,000,000, the Midland Trust Company, at Muskogee, Okla., has just completed organizing. E. M. Alvord, formerly superintendent of the M., K. & T. Railroad, and later general manager of the Midland Valley, is president of the new company; E. C. Bothwell is vice-president, and W. D. Hume, secretary and treasurer. The directorate includes H. Y. Barnes, H. C. Hoagland and J. M. Bettles, N. W. Palmer and N. A. Gibson.

—In the near future the Peninsular State Bank of Detroit will increase its capital from \$800,000 to \$1,000,000. This bank recently completed and now occupies a fine building, and has one of the notably handsome banking rooms of the country. The increase in capital points to enlarged business, indicating that, as usual, a new bank building is a wise investment.

—Capitalists of Pasadena, Cal., headed by W. H. Hubbard, have organized the Citizens' Savings Bank. It starts with a capital stock of \$100,000, which is to be increased later on to \$250,000. A trust department will also be added. The directors are

W. H. Hubbard, Charles Durrand and Henry T. Hazard.

—Much interest is being manifested in the agricultural contest under the auspices of the Wisconsin Bankers' Association, to be held at Grand Rapids (Wis.) the first week in December.

—At the recent meeting of the Illinois Bankers' Association, held at Peoria, these

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 Law of Negotiable Instruments, Statutes,
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 Morse on Banks and Banking
 Tiedeman on Commercial Paper

Copiously indexed, cross referenced and annotated; authorities in all instances indicated, their sectional numbering being given to permit of easy reference; and the notes include a table of holidays, rates of interest, and a list of the states in which the Negotiable Instruments Law is now in force, with years in which it was therein adopted.

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W. C. WARREN, President.

Sworn to and subscribed before me this 28th day of Sept., 1912.
 Robert DeB. Lincoln,
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WRITE

officers were elected: President, John D. Philips, Green Valley; vice-president, Judge F. B. Montgomery, Quincy; secretary, R. L. Crampton, Chicago; assistant secretary, Mrs. Jennings, Chicago; treasurer, J. Heiser, Lexington. Chicago gets the next convention.

—John A. McCluney, president of the State National Bank, St. Louis, has completed over fifty-five years of service with that institution and only recently reached his seventy-second birthday.

—For the second time in two years Kansas State bank deposits exceed \$100,000,000, an increase of \$7,500,000 in three months. The national banks have deposits nearly as large.

—Stoddard Jess, vice-president of the First National Bank of Los Angeles, Cal., and C. W. Gates, a well-known capitalist of that city, have just added about 2000 acres to their holdings of 4000 acres of land lying along the eastern shore of Tulare Lake, near Corcoran.

CANADIAN NOTES

—Twenty-two new branches were added to the list of chartered bank branches during September. Nine of these are situated in Quebec points. Since the beginning of 1912 there has been a noted increase in the banking facilities of the Province of Quebec, the number of branches having increased from 398 to 459, a gain of sixty-one branches in nine months. Of the twenty-two new branches, nine, as mentioned above, went to Quebec, three each to Ontario and Alberta, two to Saskatchewan and one each to Manitoba and British Columbia. Five branches were closed, of which two were in British Columbia, and one each in Ontario, Quebec and New Brunswick.

Eight of the branches opened are of the Banque Nationale, three of Montreal, two

each of Union, Royal, Hochelaga and Northern Crown and one each of Commerce, Toronto and Provinciale. The total number of branches now stands at 2812, a gain of 184 since the beginning of the year.

—Both the Molsons Bank and Bank of Ottawa are opening branches in St. John.

—On October 15 the Bank of Montreal opened a branch at Red Deer, Alta.

—There has been a new trust company organized at Montreal under the name of the Credit General du Canada. The capitalization of the company is \$2,000,000, of which some \$200,000 has already been issued. The company intends carrying on a general trust and loan company business in Canada and in the United States.

The provisional board of directors includes Hon. F. L. Bieque, J. A. E. Dubuque, G. N. Moncell, director of Montreal City and District Savings Bank; Alfred St. Cyr, A. B. Frigon and Georges Gonthier, the three latter of the firm of St. Cyr, Gonthier et Frigon. The managing director of the company will be M. Gonthier.

—A bank of agriculture is being advocated in Manitoba. With this kind of a bank, it is argued, a system of loans could be provided on the security basis of live stock and grain on the land, thereby greatly stimulating the farm industries of the province.

—A branch of the Canadian Bank of Commerce has been opened at Hanna, Saskatchewan.

—Frank Woods, manager of the Bank of Montreal at Lethbridge, has been appointed assistant local manager at Montreal.

—A former manager of the Bank of Nova Scotia at Hamilton, Blair Robertson, will succeed C. H. Easson in Winnipeg, who has retired after twenty-five years of service

JUST PUBLISHED

Natural Money the Peaceful Solution

By JOHN RAYMOND CUMMINGS

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with this institution to assume the general management of the Bank of New Brunswick.

—A branch of the Union Bank of Canada has been opened at Roland, Man., with W. R. Bell as acting manager.

—It is reported that the Bank of British North America will erect a large new bank building at the branch in Edmonton.

—D. J. Barker, chief accountant of the Bank of Montreal, has been appointed assistant to the general manager, H. V. Meredith.

—W. H. Wood has been appointed manager at the Moose Jaw branch of the Bank of Nova Scotia.

—A branch of the Bank of Montreal has been opened in Calgary, to be known as the East End Branch, under the management of I. G. Peirson.

—For many years connected with the Imperial Bank, A. L. Nunns, since 1905 man-

ager at Calgary, has retired from business and will reside in England. A. R. B. Hearn, now at Brandon, Man., has been chosen to succeed him.

—A branch of the Bank of Nova Scotia has been opened at Fort William. L. G. Irons, late manager of the branch at Jacket River, N. B., has been appointed the new manager. Offices of the branch will be on Victoria avenue, in the premises recently vacated by the Royal Bank.

—Changes in the staff of the Sterling Bank are as follows: R. W. M. Thomson, late accountant at Cornwall, has been appointed acting manager at L'Original branch. M. J. R. Carr takes the position vacated at Cornwall by Mr. Thomson. J. A. MacArthur, late accountant at the Toronto branch, has been appointed manager at the Port Stanley branch.

—John F. Mallon, who resigned from the Home Bank of Canada in Toronto six years ago owing to ill health, has resumed active duty and takes charge of the Queen East and Ontario St. branch in Toronto.

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A BANK CASHIER—AN IDEA—ITS DEVELOPMENT

By W. A. Wright

WITH a pile of notes before him a bank cashier sat at his desk one morning figuring interest. It was apparent from his meditative manner, as he paused now and again with pencil poised in an attitude of abstraction, that his mind was occupied with some-



C. A. MEILICKE
PRESIDENT MEILICKE CALCULATOR
COMPANY

thing else beside the task of the moment. Presently he pushed back the papers and straightened up in his chair, alert with the thrill of a dawning idea. Looking over the room he saw a dozen or more clerks busy figuring over the day's business, and as he watched them a grim smile of determination played upon his lips.

The idea, hitherto vague and indefinite, was taking definite form. Here am I and every other employee in this

bank, he reflected, fagging our brains and wasting our time in figuring problems that have been solved for the same answers a hundred times before. Possibly I myself have computed the interest on quantities of notes identical to these I have just been working on. If I only had those answers handy now, he thought, I wouldn't have to fag my brain and waste time doing this mental work over again. Deep thinking had removed the smile from his face. The situation, as he analyzed it, was this—mathematics is an exact science. The answer to a problem is either correct or incorrect. If it is correct and available it can be used whenever an answer to that problem is needed. This fact was evident. A problem once solved should not need to be solved again.

This thought filled his mind all day. When he left the bank that evening he was determined to create some means of having these correct answers when and wherever he needed them. More thinking followed and a deal of hard work. The result was a machine that furnished him the answers to all interest problems after he had calculated the time. But he wasn't satisfied; what he wanted was a machine to do all the work, not part of it. Perseverance and work accomplished the desired result—a machine that would compute interest, calculate time, detect holidays and give maturity date with a simple turn of a wheel.

The device was so practical that the Meilicke Calculator Company was organized with a capital of \$25,000, with C. A. Meilicke—the cashier—at its head. The new company manufactured machines and placed them on the market, and so successful were they that the company was reincorporated in April of this year into a \$300,000 corporation, Mr. Meilicke still retaining control and management of the new corporation, J. M. Taite, secretary, E. G.

J. Meilicke, vice-president, and W. A. Wright, sales manager.

To meet the requirements of the rapidly expanding business, the company has recently moved from its former quarters in the People's Gas Building into a much larger suite of



MODEL C WITH MAGNIFIER AND SHELF

rooms in the same building, and is gradually extending its sales organization to include this country and practically every civilized country in the world.

The Meilicke Calculator is truly a wonderful machine. It is not intended to displace the man with brains but to free him from mental drudgery, and to increase his brain productiveness three or four times over. The old tedious brain-racking, energy-consuming, time-wasting, error-producing, money-losing methods of calculating interest belong to the past. They are not of to-day. The Meilicke Calculator, in taking precedence over the old methods, puts the burden of the work, not on the human brain, but on the machine, where it belongs.

In every interest problem there are two elements: First, time; second, interest. By other methods than the

Meilicke Calculator the time must be computed as a separate and preliminary operation before you can begin to compute interest. The new—the machine way—actually eliminates the element of time, but the answer in days is there if desired.

In a problem like the following: Note for \$700,000—dated Nov. 11, 1911, due to-day—bearing interest at five per cent., a Meilicke operator, taking a single date—November 11, 1911, as his cue, gives the hand wheel a slight turn to bring up that particular date, and reads his answer. The answer in days is there if desired. The machine computes interest on the 365-day basis with as much ease and simplicity and with as great and even greater economy of time.

There are fifty-two Saturdays and fifty-two Sundays and about fourteen holidays in the year—a total of 118 days, or about one-third of a year, so that about one-third of the paper made out, regardless of holidays, will fall on a holiday, and interest should be figured from one to three days beyond maturity date. The Meilicke by automatically detecting the holidays, insures the collection of interest for the extra days included on their account.

The chances for error in calculating interest by ordinary methods are greater and losses are frequent and inevitable.



MODEL C

Mental calculations are uncertain, unreliable, and require constant proving. The Meilicke Calculator is positive, infallible and saves the time and human energy otherwise employed in checking results. The utter simplicity of the ma-

chine eliminates the possibility of intricate mechanism getting out of order and giving erroneous results.

Just as men are fitted for certain lines of work and specialize along those lines, so it has worked out to remarkable advantage in the use of labor-

saving devices that will do a certain work well. The Meilicke Calculator is proving no exception to the rule and it is only a question of time when every progressive institution with interest computations to make will recognize the value of its specialized services.



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THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-SIXTH YEAR

DECEMBER, 1912

VOLUME LXXXV. NO 6

AN EVENTFUL PERIOD

FEW periods of equal length in recent years have been filled with so many stirring events as have happened within the last sixty days. Here at home an attempt has been made upon the life of an ex-President; the Vice-President—who was also a prominent banker in his home city of Utica, New York—has passed away; a national election has taken place, resulting in the complete overthrow of the Republican party and the elevation of a Democrat to the Presidency for the third time since LINCOLN was elected in 1860, and the probability of both a House and Senate in political accord with the new President. In Spain, the Prime Minister has fallen by the hand of an assassin. The Ottoman Power, frequently described as an army encamped in Europe, without having time to heal its wounds received in the conflict with Italy, was confronted by the Balkan States in arms, rapidly marching on Constantinople itself. Between these States and Turkey a fierce and bloody war has been waged, filled with the ghastliest and most fearful characteristics of human slaughter—butchery, starvation and plague—resulting in what appears to be the complete humiliation of the Turkish Empire. Just what the war is about does not clearly appear, though it was caused, no doubt, by troubles of long standing.

Hardly less important than these striking occurrences is the rise of a new

political party to a commanding position in our affairs, the rapid growth in the Socialistic vote, and the apparently sure and steady march of the cause of female suffrage toward success. The latter incident, instead of merely multiplying the vote as many assume, may have tremendous significance in shaping our future legislation. Women are taking up the study of social and economic problems with a zest that foreshadows a most important influence on the history of legislation in this country once they get to voting in large numbers in many States, as now appears to be a certainty in the near future.

Amid all these striking and even startling occurrences the financial and banking situation has remained remarkably calm. The war between Turkey and the Balkan States did cause some fear of a general European outbreak, but even such an appalling possibility as that has not served to mar the prevailing tranquillity of the world's money markets.

The situation at home is one of quiet strength and a tendency toward a gradual expansion of trade.

Since reaction is equal to action, but in the opposite direction, it would be logical to expect that for a time the world will settle down to the pursuits of peace, and that things will move along a trifle less rapidly than they have in the sixty days just closed.

NATIONAL LAND-MORTGAGE BANKS

ONE of the live subjects discussed by the recent Conference of Governors related to the proposal to introduce into this country some modification of the European coöperative credit systems, and to provide for the formation of land-mortgage banks. A preliminary report on these matters has been issued by the Division of Information of the State Department at Washington, containing a most valuable report on "Land and Agricultural Credit in Europe," prepared by Hon. MYRON T. HERRICK, American Ambassador to France. His report should be carefully studied by bankers and all others interested in improving our land-credit facilities, for it contains a concise yet very complete description of various coöperative credit associations and land-mortgage banks of Europe.

In transmitting Ambassador HERRICK's report, President TAFT says:

"For some months past, at my direction, the Department of State, through its diplomatic officers in Europe, has been engaged in an investigation of the agricultural credit systems in operation in certain of the European countries. Although the investigation is still under way, a preliminary report has been submitted, together with the recommendations of Ambassador MYRON T. HERRICK in connection with my proposal to adopt this system in the United States.

"A study of these reports and of the recommendations of Ambassador HERRICK, which I am sending you, convinces me of the adaptability to American conditions of the coöperative-credit plan as set forth in the organization of the Raiffeisen banks of Germany. The establishment and conduct of such banks, however, are matters for State

control. I suggest, also, the establishment of land-mortgage banks under State charters and the formation of coöperative mortgage-bond societies along the lines of the *Landschaften* societies of Germany, provided that uniform State legislation can be secured to govern their organization and operation. As a later step I favor the enactment of laws by Congress permitting the organization of national land-mortgage banks, to be operated under strict Government supervision, with the power to guarantee and market the guaranteed debenture bonds of the State land-mortgage banks or coöperative societies. I recommend for your consideration the report and recommendations of Ambassador HERRICK, now published by the Department of State for general distribution. This report should receive the attention of everyone interested in the problem of agricultural finance, and, indeed, of all persons interested in the welfare of the American farmer."

BELL SYSTEM PENSION FUND

ANNOUNCEMENT was made recently by the American Telephone and Telegraph Company that \$10,000,000 would be available on January 1 for the 175,000 employees of the Bell system and associated interests as a fund for pensions, sick benefits and insurance. The fund will be made up from year to year by appropriations by the American Telephone and Telegraph Company and associated companies, the Western Union Telegraph Company and the Western Electric Company.

This statement was made by the company:

"The plan for the distribution of this fund has been characterized as the most liberal, comprehensive and ideal

ever inaugurated. President T. N. VAIL has provided combined benefits for superannuation, sickness, accident and death for an industrial army more than twice as large as the standing army of the United States.

"This provision is made entirely at the expense of the various companies interested, without contributions of any kind from the employees themselves. The application of these varied benefits will be strictly democratic and will be for the benefit of all employees of every rank. The plan will provide for free change of employment from one company to another, with full credit for combined terms of service.

"The Bell system and associated interests provide employment for about 175,000 people; of this number, 130,000 are employees of the Bell Telephone System. The total yearly pay for the whole group is about \$115,000,000, something over \$80,000,000 being paid out in wages by the Bell Telephone System alone."

The provision being made by the great industrial corporations for the welfare of their employees is one of the significant developments of our times. Whether these provisions are made on humanitarian grounds alone, or whether they are done purely for the benefit of the companies concerned, or whether—as is most likely—the action arises from a combination of selfish and humanitarian motives, the result to the employees is sure to be beneficial.

As enlightenment spreads among employees and employers, no doubt there will be a mutual recognition of the fact that on the one hand there should be the most loyal and efficient service and on the other hand the most liberal compensation and the fairest treatment. This enlightened policy is already being pursued by many of the great corporations. Whatever may be

said of these great corporations, they are really under the necessity of dealing justly with their employees, for their very size makes them a conspicuous object of criticism if they follow a different course. It would be comforting to believe that the big corporations in making better provision for the welfare of their employees are not moved to do so by the fear of hostile criticism, and that they are not prompted wholly by selfish motives.

There was published in this MAGAZINE last month an article showing how the banks are handling the pension problem. As the number of great banks increases, the matter of bank pensions will call for more and more attention.

The action of the Bell Company in liberally providing for the care of its employees is wholly commendable.

FIFTIETH ANNIVERSARY OF THE NATIONAL BANKING SYSTEM

EVERY ten years the Bank Act in Canada comes up for revision and amendment. The result of this policy on the part of our prosperous and progressive northern neighbor is to keep the laws relating to banking up to the needs of the times.

We don't do things quite so well in this country. For example, the fees paid by banks for examinations is based upon their capital and surplus. Now, in many cases, the business of the banks has grown enormously and their capital and surplus may have grown but little. There are many defects in purely administrative measures relating to the national banks, pointed out by practically every Comptroller of the Currency for perhaps a quarter of a century, but Congress pays no attention to correcting these admitted defects.

Perhaps if we cannot overhaul our banking system once in ten years, we may at least do so once in half a century. Next year will mark the fiftieth anniversary of the national banking system, and it certainly would seem to be an opportune time to remedy the system's admitted defects (which are few compared with its numerous excellent features) and reshape it in accordance with the great changes that have occurred in our business life since the system was inaugurated fifty years ago. At that time there may have been little need of American banks in foreign countries, but in the view of many well-informed persons it would be found highly beneficial to our trade now if branches of the great and strong national banks could be established abroad.

The announcement made a short time ago that *THE BANKERS MAGAZINE* would issue early next year a number devoted to the progress of the national banks in the last half century and the concurrent development of State banks, savings banks and trust companies, has been received with great interest by the bankers of the country. Many of them have written to the *MAGAZINE* expressing their views as to what legislative and other measures are required to put our banking machinery on a more efficient footing.

While we shall not anticipate their views, we have no doubt that when they are all collated and published it will be found that the chief defects in our banking system are not attributable to the individual banks, which as a whole are managed with a high degree of skill and integrity, but that weaknesses arise from the want of some efficient means of coördinating our scattered bank units so that they will all work more unitedly, when necessary, for the common good, instead of each bank being compelled as now to act chiefly with a view to its own interest.

A careful survey of banking progress in the last fifty years will doubtless show great improvement in banking in this country. Bankers' associations were practically unknown in the United States fifty years ago. What a change has taken place in this respect alone, nearly every State now having a strong and numerous association, while the American Bankers' Association has risen to a position of great usefulness and power. The trust company development in the real sense of that term dates back much less than fifty years. It will be found that the banks are making a better record for safety and service than ever before, that the banker himself has changed and has become more and more closely associated with the welfare of his community.

A survey of the development of banking in the United States in the past half century ought to prove instructive and valuable in providing for that readjustment of our banking machinery which cannot be much longer delayed.

THE DEMOCRACY'S GREAT OPPORTUNITY

ALTHOUGH Governor WILSON received fewer votes than were cast for his two chief opponents taken together, his heavy preponderance in the electoral college, and the fact that the House and perhaps the Senate also will be in accord with him politically, give him an extraordinary prestige in entering upon the Presidency. It is probably true—in fact, it is certainly true—that the triumph of Mr. WILSON has caused far less regret than would have been experienced (except by their own partisans) had either Mr. TAFT or Colonel ROOSEVELT been successful. Between the supporters of these two gentlemen great bitterness of feeling has arisen, which may make the breach

in the Republican ranks a lasting one. The practical problem before the Republican managers is how to regain the public confidence which has been lost.

Governor WILSON has great opportunities of public service before him. No one, we suppose, questions the loftiness of his aims and his sincere desire to serve the people. Whether his policies will do what he himself expects for them, remains to be seen.

There is one measure that cannot too soon and earnestly be considered by the President and his advisers with a view to securing right action by the Congress. We refer to a measure for safeguarding the country's banking and credit system. The opportunity which now belongs to the Democracy was open to the Republicans almost constantly for the past twenty years, but they did nothing effectual, although the Republican party is entitled to great credit in preserving the gold standard from the assaults made upon it by the Democracy under Mr. BRYAN's leadership.

The country seems to be entering upon an era of great expansion. This expansion needs wise restraint at some points and at some times; at other points and other times it just as surely needs the means of going along without hindrance. Our banking and credit systems are poorly shaped to perform either of these services. To so adjust our banking system that it will adequately serve legitimate requirements and place a check upon undue expansion, that is the problem which the triumphant Democracy finds itself called upon to work out without delay. For it is not improbable that this matter may at any time become one of the gravest importance.

The providing of a scientific banking and currency system would be one of the highest services which the Democratic party could perform for the people of this country.

FEDERAL REGULATION OF CLEARING-HOUSES

WITH the great growth of banking in the United States and the increase in the number of clearing-houses and the extension of their functions, the question arises whether it would not be prudent to place the clearing-houses of the country under Federal regulation. It may not be clear that Congress has power to enact legislation of this kind. But it probably has power to legislate in regard to membership of national banks in clearing-house associations. In fact, at least one such statute already exists. Some years ago the banks of New York decided against counting silver certificates as a part of their legal reserves, but Congress being then in a mood to "do something for silver," promptly passed an act forbidding any national bank from being a member of a clearing-house whose rules prohibited the counting of silver certificates as a part of the lawful money reserves.

In the act of March 31, 1908, commonly known as the Aldrich-Vreeland Act, provision was made for the banks forming themselves into groups to be known as national currency associations. Possibly Congress might prescribe that national banks should form themselves into associations not only for the purpose of issuing currency but for redeeming their checks and for establishing a system of bank examination. Manifestly, if such legislation could be enacted for the national banks, the State banks would generally come into the organization voluntarily.

It seems to us that the time has arrived when our banking system might be thus unified through an improvement of the existing clearing-house associations, and their coördination in acting for the general protection of the country's banking and credit system.

The Aldrich-Vreeland national currency associations were to be formed

primarily for the issue of emergency currency, but does any banker believe that this is now the principal object for which the banks should be bound together? The redemption of checks through the clearing-house is more important even than the issue and redemption of currency, and the supervision of banks through clearing-house examination is a matter of growing importance. Not a few of the clearing-houses to-day, unregulated as they are, have aroused the hostility of certain banks and of the public at large. The following dispatch from Pittsburgh, under date of November 15, is a case in point:

"JAMES H. BEAL, counsel for the Mellon National Bank, the Farmers' Deposit National Bank and the Lincoln National Bank of this city, charged in court to-day that the Pittsburgh Clearing-House Association was operating in violation of the Sherman anti-trust act.

"Recently the banks named filed an action against the seventeen other bank members of the clearing-house association, seeking to restrain the association from enforcing a resolution which empowered it to regulate exchanges, fix rates on drafts and collections, regulate payment of interest on deposits, and imposing given penalties for failures to obey the resolution. The association demurred and replying, said it was to promote sound and prudent banking that the resolution had been passed.

"In replying to the demurrer, Attorney BEAL declared that the association was usurping the functions of the directorate of the individual bank members. 'I cannot invoke the Federal law,' he said, 'but I can ask this court to restrain the defendants from carrying out a purpose which would make the plaintiffs amenable to the Federal law for violating the Sherman anti-trust act.'"

Attempts have been made at New

York and New Orleans to have the Federal Government take action against the clearing-houses on grounds similar to those stated above. It has been claimed, moreover, that some of the clearing-house organizations are not democratic, but that they are run by a financial oligarchy and that the smaller banks have little show in their management. Whether this allegation be true or not, it is apparent that some of the clearing-house associations contrive to keep the run of affairs perpetually in the hands of a few institutions. This course is defended by those responsible for it on the ground that it is a necessary precaution to ensure careful management of the banks.

As is well known, the customs of clearing-houses vary to such an extent as to make their statistics wholly misleading. For instance, one clearing-house will report as its clearings the amount of checks taken to the clearing-house, while others will report both the checks taken to and from the clearing-house. In other words, when trying to make comparisons, it must be borne in mind that the figures of some clearing-houses would be cut in half if they were reporting on the same basis as others.

But the chief incentive for considering whether the clearing-houses might not advantageously be brought under Federal law lies in the fact that here, perhaps, is to be found the true and logical solution of our complex banking problem. We know it is claimed that there is not that substantial identity of interest between the clearing-houses of different sections that would cause them to coalesce. But is not the impelling force toward unity practically the same whether the union be effected through a central bank or through the affiliation of the clearing-houses? What, in either case, compels the banks to get together? Is it not the desire to place

themselves in a position where they can better serve their customers and protect themselves? And does that motive not exist to precisely the same extent whether the instrumentality employed for making it effective be a central bank or an affiliation of clearing-houses?

A central bank seems politically impracticable, but it does not seem impossible to obtain the sanction of Congress to some proposal that would make the clearing-houses of the country more efficient, and that would unite them to the extent necessary for conserving the common commercial and financial interests of the country.

POSTAL SAVINGS BANKS NOT PAYING

REPORTS from Washington are to the effect that the paternalistic postal savings banks are not paying their way. In other words, if this report is true, the people who have no money in the postal savings banks will be taxed for the benefit of those who have. And what is the object of it all? Why, simply this: That the Government may run a savings bank for the "benefit" of the ignorant poor, paying them two per cent. on deposits when they could get three and one-half or four per cent. elsewhere. What is the use of taxing the people to support such folly?

It is claimed that when the deposits of the postal savings banks pass \$100,000,000 they can be made self-supporting. But this is by no means certain. The experience of the postal savings bank in Great Britain shows that even with very large deposits a deficit may be incurred which the taxpayers are called on to meet.

The postal savings bank scheme has always appeared to us as one of the shabbiest proceedings in which the United States ever engaged. The truth

was that the national banks had been loaded up with some \$700,000,000 of United States bonds which they would like to get rid of. Clearly, the courageous thing for the Government to have done would have been to acknowledge that these bonds were issued on a false basis and to have provided for their refunding into three per cents. But while this would have been honest, it might have been bad politics. But by establishing the postal savings banks and providing for the investment of deposits in these bonds a possible escape from this dilemma was found. The national banks would be relieved of their two per cents. which would be passed on to the ignorant foreigner. A truly beautiful plan, all to be carried out under the guise of philanthropy. It is a pity that the United States Government should ever have gone into the savings bank business, because there are already plenty of savings banks just as safe as the postal savings banks. If the foreigner does not know that, the remedy is education, rather than taking advantage of his ignorance and mulcting him two per cent. for it.

CREDIT MEN TO WORK IN BEHALF OF BANKING AND MONETARY REFORM

BUSINESS men are at last beginning to show signs of an interest in currency and banking reform, as may be seen from the accompanying circular letter promulgated by the National Association of Credit Men:

"After careful consideration, the National Association of Credit Men has decided to do all in its power to bring about a speedy reform in our banking and monetary system.

"The association has set its hand to this task because the existing system is inefficient and always fails in supporting

commercial credit during periods of unusual strain, due in the first place to the inflexibility of banking reserves, and second to the absence of relation between the demands of commerce and our currency issues.

"The association believes that if a solution is not found and put into effect, this country will again be visited by a direful period of waste such as characterized the panics of 1893 and 1907.

"The association further believes that the enormous cost of the experience which the business men of the country paid during those years should be sufficient to awaken all to the fact that a crisis such as we passed through then cannot possibly be prevented under our present banking and monetary system.

"As the basis of a change in our laws, there must be coöperation between banks and business men, this coöperation to be nation wide, so that every part of the country shall have its needful and legitimate banking facilities on absolutely safe lines.

"The association will make persistent efforts to interest its great business membership in this subject, with a view to drawing out expressions of opinion, and bringing about intelligent, well directed action. This is a service the National Association of Credit Men feels that it owes the business of the country which, to so large an extent, is based on banking credits."

This pronunciamento is very vague. It may mean almost anything, or it may mean nothing. Perhaps it is only a preliminary to a "follow up" letter asking for subscriptions to be used for the purpose of resuscitating the National Reserve Association plan.

But the statement above made is true, that "as the basis of a change in our laws there must be coöperation between banks and business men." The currency and banking question, after all,

is largely a business question, for the breaking down of our credit system in time of panic works immense injury to business. Even the inability of the banks, in ordinary times, to supply credit facilities at fair rates for legitimate trade expansion or to grow and market the crops, puts a heavy burden on the country's production. For while advances in discount rates are a beneficent means of checking undue speculation and of curtailing over-expansion, they are harmful if imposed, under the stress of necessity, upon the usual trade activities of a country. The nations whose industries and commerce can secure credit at the cheapest rate have an important advantage over those compelled to pay a higher rate.

But of course the most serious injury inflicted on American production and trade by our imperfect banking and currency system lies not merely in a high discount rate occasionally, but in the fear that in times of panic discounting may cease altogether. This seriously cripples commerce and industry, and in many cases results in irreparable ruin.

The coöperation of the National Association of Credit Men in working for a better banking and currency system will be welcomed by the bankers and should prove of immense value.

EDUCATION FOR BANK CLERKS

NO word of praise could be too strong for the work being done under the direction of GEORGE E. ALLEN, Educational Director of the American Institute of Banking, in training the younger bankers of the country for a better performance of their duties. To his ability, patience and energy have been due, in a very large measure, the success already reached by this educational movement.

We have heard the criticism that the

bank clerks, many of them at least, have been so much engrossed in the entertainment features offered by the Institute chapters that they have neglected the study courses. Among bank clerks as among other classes in the community will be found some who do not take advantage of the opportunities offered them, but it is safe to say that there are very many others—indeed, we hope the majority—who eagerly seize the chance of bettering their condition which the educational course of the Institute affords. And what a chance this is! As we write there lie on our table the Chapter Calendar of the Boston Chapter of the American Institute of Banking for September, 1912, and the Announcement of New York Chapter for 1912-1913. These outlines of courses of study are remarkable for their scope and practical character. Certainly it may be said that if the bank clerks of New York and Boston are not well trained in a knowledge of the underlying principles of bank work, it will be their own fault. And the work being done in New York and Boston goes forward with like zeal in many parts of the country. The Seattle Chapter has just laid the foundation of a fine library on banking and general economic topics, and from various sections come reports showing that the younger bankers are realizing the need of the educational training offered by the Institute.

Soon the certificates of proficiency issued by the Institute of Banking will come to be recognized here as are the certificates issued by similar institutes in England, Scotland and Australia, so that the bank clerk who has completed the educational course will have a distinct advantage over his fellows without that training.

All of us are familiar with the saying that the American banker is a graduate from the corner grocery-store. This statement is a gross exaggeration, but it embodies a truth, namely, that as

a rule the American banker, quite as likely as not, is a successful manufacturer, merchant or farmer rather than a trained banker. It must be admitted that this is a qualification not to be despised; but this business knowledge, while valuable in many ways, does not furnish that acquaintance with banking science which is all but indispensable to the sound and successful conduct of a bank.

Not only are bankers coming to recognize the value of proper training for those who compose their staffs, but State banking departments are taking the same view, as may be seen from the following order issued recently by the Banking Department of the State of Kansas:

"All cashiers or active managing officers of new or old State banks in Kansas must have had two years' previous continual experience in actual banking. Their record of this two years' experience must show that they were persistently faithful in their work.

"After having had two years' service, should they wish to serve as cashier or active managing officer of a State bank, they will be granted thirty days in which to prepare themselves for an examination before the Board of Examination of the Banking Department at Topeka, which will occupy three days of their time. They will be examined upon the following points: The Corporation law as it applies to banking in Kansas, the Guaranty law, the Negotiable Instruments law, the Kansas banking statutes, and the practical and technical points of everyday banking.

"The standard of perfection will consist of 100 points. Any applicant who may receive seventy points of merit, or more, will be passed by the Examining Board as successful, and said board will issue a certificate of approval of the applicant as managing

officer of a State bank. Should he fall below seventy points, he will be granted any additional time he may wish, not exceeding thirty days, to prepare himself for a second examination. Should he fall below seventy points in his second examination he will be rejected by the board for one year, when he will again be eligible for examination."

Possibly the American Institute of Banking could enlighten Bank Commissioner DOLLEY as to where some young men could be found who are really competent to fill any jobs that may become vacant as a result of his order.

The suggestion has been made that bank examiners should be selected only from among men of experience who have had a training similar to that prescribed in the course of study of the American Institute of Banking. No doubt in time those who hold proficiency certificates from the Institute will be given preference in filling such positions, just as they will have first call on desirable places in the banks.

Under the wise and earnest leadership of Mr. ALLEN the American Institute of Banking is performing an inestimable service to the cause of sound and efficient banking in this country.

PROPOSED NATIONAL BANKERS' SECTION OF THE AMERICAN BANKERS' ASSOCIATION

AT the recent meeting of the American Bankers' Association at Detroit, a resolution was offered by OLIVER J. SANDS, president of the American National Bank, Richmond, Va., proposing the establishment of a National Bankers' Section of the American Bankers' Association. The resolution is being favorably received

by many national banks that are active members of the association.

A copy of the proposed resolution, and a request addressed to the executive council, was circulated at Detroit, and in a few hours was signed by practically every one, to whom it was presented. Following is a copy of the paper and resolution:

"There are about five thousand national bank members of the American Bankers' Association. The laws governing these banks, unlike those of the State institutions, are similar and the matters of interest to each bank are therefore practically the same throughout the United States.

"There are many distinctive features of greatest concern to the national banks in which other institutions have only a general interest. It seems to the undersigned most desirable and of the utmost importance that there should be an organization of the national banks of this country, whose scope shall embrace all matters relating especially to work which may be of interest and advantage to members of the American Bankers' Association, which properly come within the scope of banks chartered under the Federal statutes.

"There are numerous questions which can never be taken up or satisfactorily considered by a body composed of all classes of banking and kindred institutions.

"We, the undersigned, respectfully ask the American Bankers' Association to favorably act upon a resolution offered by OLIVER J. SANDS of Richmond, Va., to amend the constitution and provide for a section to be known as 'The National Banking Section,' to be governed and controlled by the association in the same manner as other sections now authorized under section IX. of the constitution.

"*Resolved*, That article nine of the

constitution be amended by addition of a sub-section after sub-section (*) as follows:

"A National Banking Section whose scope shall embrace all matters relating to institutions chartered under the statutes of the Federal Government."

Mr. SANDS bases his proposals on the following considerations:

"The association now has a membership of over 13,000 banks and the attendance at annual conventions is from three to four thousand delegates. The proceedings of these conventions are published complete and the addresses and other matters of interest to the various classes of banks are no doubt carefully perused by many bankers who do not attend the conventions. Many of the members are interested in the discussion of matters relating particularly to savings banks; others to trust companies, and a goodly number to questions relating to the ever-increasing functions of the clearing-house. There are, however, over five thousand national banks members of the association, many of whom are from towns and cities where there are no clearing-houses, so they are not directly interested in that section of the association. It is impossible to properly conduct a convention, and the business throughout the year, of a great organization whose members are all in one general line of business, but in different branches of the profession, in any satisfactory way other than that of having separate meetings for each class of bankers and the getting together of the whole membership at one or more sessions of the convention to discuss and act upon matters of general interest; in other words, the departmental idea in the evolution of large business, as well as large associations, is the successful and correct one. The usefulness of an association of this character determines its permanence.

"The Trust Company and other sections have been of great interest to bankers connected with that line of business. At Detroit for two days there were hundreds of bankers who were not directly interested in any matter discussed at either session of the three sections, and went away from there feeling they had gotten little from the convention, whereas those who were interested in the sectional meetings were very much edified and left the convention feeling that the programme had been one of unusual interest.

"The practical work done by these sections throughout the year has been of vast benefit to the trust company, savings banks and clearing-house members.

"A prominent officer of the association has stated that he is in favor of sections, he believes they are the life and salvation of any large organization and hopes that the council will approve this resolution.

"The national banks of the country represent the great commercial banking interests and the discussion of matters of peculiar interest to commercial banking should be of great educational value.

"There has been no place in this convention for years where matters of intimate relationship between the department at Washington and the bankers, who were under direct supervision of that department, could be discussed. We hear much these days of the department's attitude in the matter of supervision. There is no organization through which the national banks of the country can take up and discuss plans for the correction of abuses, etc. The National Banking Act remains practically the same as when it was adopted fifty years ago. If this law is to remain there are many matters connected with it the discussion of which would be of great advantage to

those banks and bankers who are compelled to serve under it, but of only passing interest to the thousands of bankers not chartered under Federal statutes.

"The various State associations are, of necessity, made up of this same mixed membership, and the discussion of matters pertaining particularly to national banks has always been looked upon as more or less academic and not of such general interest as to merit the time of these conventions.

"It would appear, therefore, that it is most fitting that the national banks of this country should have the opportunity that a separate section of the American Bankers' Association would give them for discussing and considering matters of peculiar interest to banks operating under Federal statutes and that are so distinctive in their nature.

"During the early years of the association's life the national banks, on account of a larger membership in the association, dominated the affairs of the association. In the past few years the number of trust companies and other banking institutions chartered by the States have so largely increased that these institutions, with the private bankers, largely outnumber the national banks in the association.

"It is believed that a large number of national banks, not now members of the association, will become interested and join the association if this special section is organized."

Undoubtedly there is great force in the position taken by Mr. SANDS. It is now a matter of common discussion that the American Bankers' Association is becoming unwieldy through the growth in membership and the increase of matters requiring the association's attention. This difficulty has been obviated already to a considerable extent by the formation of special sec-

tions for the savings banks, trust companies and clearing-houses. Probably it might be desirable to carry the suggestions of Mr. SANDS a step farther and provide for a State Bankers' Section and a Private Bankers' Section. This would care for the special needs of all classes of banks belonging to the association, and would no doubt add to the usefulness of the organization and increase its membership.

Just as the really important work of Congress is done by the various committees, so is it becoming true that the work of the American Bankers' Association is being done by the committees and sections. In fact, this is one reason why the sessions of the conventions are less interesting from year to year; that is, so much is done by the committees and by the meetings of the several sections that little remains for the general convention to do.

It would, as Mr. SANDS points out, be of great value if there were an organization of the national banks whose recommendations should have some effect on Congress, and a National Banking Section of the American Bankers' Association, by giving special attention to matters relating to national banks, could make its influence respected.

FINANCIAL RESPONSIBILITY FOR WAR

UPON the financial world is placed the chief responsibility for war, in a new book* by President JORDAN of Leland Stanford, Jr., University.

It seems to us that there is one claim in this book to which serious attention should be given, namely, that the increase of national wealth is being swallowed up by constantly growing military expenditures. For if that claim be

* Unseen Empire. By David Starr Jordan. Boston: American Unitarian Association.

true, then the progress of the race toward social betterment—or at least such part of that progress as arises from wealth—will be hindered, if not ultimately stopped altogether.

That military outlays have grown stupendously is unquestioned, but whether the ability of nations to care for such expenditures is greater or less is another problem. Were industry and trade relieved of the incubus of military burdens, their progress would be immensely accelerated; provided, of course, that the relaxation of preparations for war did not give rise to some greater menace to commercial development. Probably it is largely through fear of such an eventuality that nations incur the almost intolerable burdens imposed upon them for military and naval purposes.

War is almost universally condemned on humane grounds, yet many wars have rescued peoples from the horrors of savagery and the impoverishing effects of corrupt and despotic governments. In other words, despite the temporary suffering caused by war, in the long run humanity has often been the gainer by the results of conflicts that in themselves were bloody and terrible.

But no doubt there is a better way of achieving the beneficent results of war, only humanity has not yet found it. The search for this method is still going on, and never more earnestly or intelligently than now. And this quest

- will be aided incalculably by such careful studies as that presented in President JORDAN's thesis.

The hold which the financial world has obtained upon nations on account of their passion for war cannot be denied. But whatever may have been the disposition of financiers in the past, they can hardly be said at the present to view war with complacency. Its dangers can no longer be localized. A punishment inflicted upon one State re-

acts with terrible force upon another, sometimes upon the one apparently most benefited by the fortunes of war.

Until a better practicable way is found, nations must still bear the awful cost of insuring the peaceful pursuits of commerce and industry and of preventing even greater wrongs than war by military preparedness. But this cost is rapidly becoming intolerable, and the wisest statesmen of the world are seeking to limit it, while humanitarians are hoping that it may be swept away altogether. The combined efforts of both may at least before long bring down the expenditures for war to a reasonable proportion to national income and check the mad scramble in which the great powers are engaged to outdo one another in forging instruments of human destruction.

THE BANKERS' CONVENTIONS

MANY suggestions are cropping out looking to a reformation in the methods of holding conventions of the American Bankers' Association.

Mr. E. J. BUCK, president of the City Bank and Trust Company, Mobile, Ala., favors the holding of a separate business convention, on a date different from that of the regular convention. This business convention would be made up of properly appointed delegates, and its proceedings would be limited to considering and acting upon the business affairs of the American Bankers' Association. Then at the regular convention, later on, there would be adequate opportunity for the reading of papers and the discussing of live topics.

In effect, were Mr. BUCK's proposals adopted, the conventions would be relieved of much of the routine with which they are now burdened, thus affording an opportunity of enlivening

the proceedings and increasing the interest.

That some method of achieving this result is desirable, if not imperative, must be obvious to anyone who has attended the conventions in recent years.

TIPS AND THE TREASURY

FROM the Treasury at Washington comes a regulation in regard to the tipping nuisance which indicates that the high cost of living is not without its annoyances to Government officials. It seems that the Secretary of the Treasury—if newspaper reports are to be trusted—has decided that hereafter an employee of the department who may be compelled to travel is not allowed to “tip” a waiter more than fifty cents per diem nor a railway porter more than a quarter. Crossing the ocean, he may not give the various gentlemen with itching palms a total of more than £3. Of course, the Treasury employees may be as liberal as they like in bestowing “tips,” but anything above the prescribed scale will come out of their own pockets.

If the United States Treasury cannot afford to be more liberal than this in bestowing gratuities, the question arises whether the ordinary citizen can afford it at all.

BANK SUPERVISION IN ILLINOIS

FOR some time the bankers of Illinois have been agitating for supervision of the private banks of that State. This movement has received a fresh impetus from a particularly bad private bank failure at Chicago recently. The failure was bad in that it revealed a shocking state of affairs for an institution holding itself out to

the public as a bank. It was of no special importance so far as the amount of liabilities was concerned, and it is no reflection on banking in Chicago, which is generally on as sound a basis as it is anywhere in the country, both with respect to the banks under supervision and those which are not. But the failure referred to has shown that where private banks are not under supervision it is possible for a man whose mental soundness is open to question to run a “bank” in a manner that makes it substantially a form of gambling with depositors’ money.

A strong campaign in behalf of a law placing private banks under State supervision has been persistently waged by the Illinois State Bankers’ Association, with President HARRIS of Champaign leading the movement. Quite recently the Chicago “Tribune” has asked for an expression of the views of bankers on the subject, and reports an overwhelming sentiment in favor of supervision.

It seems probable that the Illinois Legislature at an early date will enact a law compelling individuals or firms doing a banking business to submit to State supervision.

HEAVY INCREASE IN BANK RESOURCES

PRELIMINARY figures from the Annual Report of the Comptroller of the Currency show that in the past year the banking resources of the country have increased at an unprecedented rate.

This tremendous gain in bank resources (which, of course, means practically a corresponding gain in liabilities) is an evidence of expanding business and indicates that the country is pushing ahead in production and trade. It would hardly be speaking correctly

to say that the country is as yet experiencing "booming" business, notwithstanding this increase of banking resources. The country has been growing, but hardly at a feverish pace. Part of this enormous addition to the banking resources is due to the fact that we are just emerging from a period of comparative quiet following the disturbances of 1907.

General business conditions at the present time are sound, notwithstanding a change in administration and the European war scare. The management of the banks is constantly improving. A recent examination of the Comptroller's Reports for a period of ten years shows that bank failures in that time—which includes the panic of 1907—were trifling, compared with the vast number of banks in the country.

If there are any elements in the present situation that call for caution, they arise from the fact that following the crisis of 1907 there was little liquidation. There was some in the prices of securities, less in the price of commodities, and still less in regard to labor. Thus, we are not starting forward from a low point following the 1907 smash-up, but we are virtually going ahead on the same high plane preceding that panic. Furthermore, despite all our experience, Congress has not yet provided any means whereby undue expansion may be checked or the necessary elasticity of credit be supplied. (The Aldrich-Vreeland Law being considered by most bankers as something whose employment would at once be interpreted as a sign of weakness, and, therefore, not to be used except in case of dire necessity.)

An opportunity will be afforded the new Administration to grapple with this question, which is one of the most vital concern to the continuance of healthful prosperity.

CONTROLLING VAST FORTUNES

NEWs that VINCENT ASTOR has recently reached his majority and come into the possession of a fortune estimated at \$100,000,000 and upwards, revives interest in the subject of controlling vast sums of money. Young Mr. ASTOR has perhaps had very little to do in creating the vast fortune he inherits, but under our laws he is, of course, justly entitled to it nevertheless. His comparative lack of business experience suggests the possibility that he lacks special knowledge for handling so vast a sum. This does not mean that he may not take the best possible care of his estate and make the wisest conceivable use of it. His inherited traits and the training of his father may cause him to exercise the most careful discrimination in the management of his fortune, and where he himself lacks the special knowledge required, he will doubtless call in expert assistance.

Although no doubt the dispensers of much private charity, the ASTORS and the VANDERBILTS have not yet linked their names conspicuously with great public benefactions. Their fortunes have in large part been kept in the respective families. They have not engaged their means in behalf of the public to anything like the extent that Mrs. SAGE, Mr. CARNEGIE and Mr. ROCKEFELLER have done. This is not criticism, but merely a recital of facts well known. Indeed, there is force in the view that the best possible use is being made of an income when it is re-invested in the same line of business from which it was derived. Thus Mr. ASTOR in turning the proceeds of his rentals into new buildings may be rendering the community quite as substantial a service as Mr. CARNEGIE renders in endowing a college or a library. So Mr. VANDERBILT, in turning his New York Central dividends into the ac-

quisition of fresh issues of railway securities, may be doing the most useful thing for the community. Certainly, beneficent as libraries, colleges and hospitals are, it would not do for all the great multi-millionaires to put their incomes into them. For if they did, the ordinary productive industries of the country would suffer for lack of capital.

The great fortunes of Mrs. SAGE, Mr. CARNEGIE and Mr. ROCKEFELLER are unquestionably being used in ways highly serviceable to humanity. Indeed, were it possible to take these fortunes out of the control of the individuals to whom they belong and place them in the hands of the State, it is very doubtful if any good purpose would be served. Perhaps the same may be said of the VANDERBILT and the ASTOR fortunes. They may be just as wisely and beneficently used, though in a different way.

But it does not follow from what has been said that the possessors of great fortunes are always able to make a proper use of their money. Many examples abound to the contrary. Not

infrequently persons of great wealth use their means in ways detrimental not to themselves only, but to the community. Yet, if it were proposed that the State should take over control of fortunes of certain size, the result might not be an improvement over the existing system. It would probably tend to limit the acquisition of wealth. For the satisfaction following the dispensing of wealth is undoubtedly one of the chief incentives to its acquisition. Who would not like to play the role of Santa Claus all the year round, to be a perpetual patron of art and letters, to be the principal partner in the Cheeryble Brothers firm?

It is the comparative monopoly which a few people possess of playing the role of philanthropist that causes the average person to envy the lot of the very rich. It is felt that if a few were not given such large opportunities of displaying their munificence, the rest of us might have a better chance as philanthropists. Of course, this view is not of much force so long as each man has a free field for piling up a fortune of his own.

AN EVIDENCE OF PROSPERITY

ACCORDING to a recent Washington dispatch the American people are drinking more whiskey and beer and smoking more cigars and cigarettes than ever before in history. Tax returns received by Royal E. Cabell, Commissioner of Internal Revenue, show that from July 1 to Oct. 1, 1912, more than 8,800,000 cigarettes were smoked, an increase of 1,000,000 over the corresponding period of the previous year, which broke all records.

The nation consumed 33,150,000 gallons of whiskey during July, August and September, an increase of 450,000

gallons, as compared with that quarter of 1911, while nearly 1,950,000,000 cigars were smoked during that time. The cigar consumption promises to establish a new record. A total of 19,800,000 barrels of beer were consumed during the three months, which was 320,000 barrels more than in the same period of 1911.

We don't want to dim the lustre of this story of prosperity, but will risk a little of our reputation for prophecy by saying that it foretells a story of quite another kind—more's the pity.

THE SELECTION OF COMMERCIAL PAPER

By Oscar Newfang, Credit Man, Citizens' Central National Bank, New York

THE principal advantages of well-selected commercial paper as a secondary reserve for banks are that it is automatically turned into cash, whereas securities must be sold in order to realize upon them, and in times of panic even the best of securities cannot be sold except at a great sacrifice; that the principal is not subject to fluctuations, as in the case of securities; and that, if it is legitimately issued, the ordinary course of the maker's business will provide funds for its payment, no matter what the condition of the money market may be. In order to obtain these advantages, however, the banker must use good judgment in his selection of paper.

PROBABILITY OF PAYMENT AT MATURITY.

In the first place care should be used to select paper whose maturity falls at the close of the maker's season. A raw fur note maturing in July or a cotton factor's paper maturing in August will in all probability require renewal at maturity because in these lines little cash is received until in December in the one case and the late fall in the other. For the same reason the note of a manufacturer of summer clothing maturing in February or that of a manufacturer of overcoats maturing in September, would be a poor selection from the standpoint of actual payment at maturity.

In purchasing the note of a maker whose business has no pronounced seasonal movement, such as hardware, staple groceries, electrical supplies, etc., the banker should be sure that the maker keeps his lines of credit with his own banks open. Otherwise the paper floated in the open market can be retired only by a restriction of the business, and it is usually the practice of the maker to float renewals as his notes mature. Unless the maker's lines of credit with his own banks are kept

open, he is likely to be seriously embarrassed at a time when the money market is tight; that is, at the very time that the banker needs the funds invested as a secondary reserve.

RATIO OF QUICK ASSETS TO CURRENT LIABILITIES.

A third point to be noted in the selection of commercial paper is the ratio of quick assets to current liabilities. While this ratio may safely vary according to the readiness with which the assets can be converted into cash it is a safe rule for the banker never to buy a note when the maker's statement does not show quick assets twice as large as his current debts. It is customary for the borrower to make his financial showing at a time when his liabilities are lowest and if he cannot at that time show the ratio mentioned it is evident that at the height of his season his liabilities will be dangerously heavy and a disastrous season or a financial disturbance may make it impossible for him to retire without renewal, the paper floated in the market.

A fourth point for the banker to note in selecting paper is the volume of business in proportion to the capital employed. A merchant who turns his capital over five times annually is evidently in a more liquid condition than one who turns his capital only once or twice in a year. In this connection the ratio between the accounts and bills receivable and the annual sales should be noted as this is a sure indication of the character of the sales; if the receivables represent more than two or three months business, sales are either made on long terms or a number of more or less doubtful accounts are being carried on the books.

REQUIRING STATEMENTS FOR PURPOSES OF COMPARISON.

The purchaser of commercial paper should request statements for several

consecutive years for the purpose of comparison and should note the increase or decrease in net worth from year to year. It is evident that a heavy borrower in the open market whose statements show large annual losses must sooner or later meet with disaster, and a banker should avoid buying the paper of a concern that shows no progress.

Most of the statements issued by brokers in selling paper give the bank accounts of the makers, and it is advisable for the banker in purchasing to note carefully the strength or weakness of the banking connections given. It is evident that a large borrower with very weak banking connections may be seriously embarrassed in a tight money market when commercial paper cannot be sold and he may at times be compelled to ask a renewal of paper placed through brokers. As a rule a concern that is large enough to float its paper in the open market ought to have at least one bank account in one of the principal financial centres of the country, without which the note is seldom a

gilt-edge investment for the purpose of a secondary reserve.

The borrower's statement gives certain fundamental facts regarding the organization of the business which the banker should also take into account in the selection of paper. The note of a one-man concern is not, as a rule, as good a secondary reserve as that of a firm or corporation, because the death or disability of a single person may cause a suspension of the business and a default in meeting its obligations. The strength or weakness of the business connections of a firm or of the officers and directors of a corporation issuing paper also forms an important consideration in weighing the organization of a business.

Practically all of the above data are available to the banker at the time the paper is offered him, but a selection in accordance with the above safeguards should, of course, be supplemented by a full investigation through the customary channels before the option upon the purchase is allowed to expire.

ADVERTISING THE TRUST DEPARTMENT

By Kenneth S. Howard

THERE is no question that it is possible for a trust company to increase its trust business largely by proper advertising. But quick results must not be expected. It is different from advertising merchandise. To get men and women by means of advertising to appoint a trust company as executor of their estates and trustee of the trusts they may create, requires education and takes time.

It is well worth the effort, however, as there is a large amount of profitable trust business to be secured through advertising which otherwise would not be obtained. But the advertising must be done in the right way; the right matter must be used and the campaign must be

a continuous one. Persistency is imperative.

WHAT ONE COMPANY DID.

One trust company located in a city of medium size recently used the advertising campaign described in this article, and the directness of the method is worth the consideration of other trust companies which may have similar campaigns in mind.

This company determined to advertise to secure work as executor and trustee. Naturally its prospective clients would be comparatively limited in number; the men and women in the section from which the trust company

drew its business, who had sufficient property to make their estates worth handling, would not number many thousand. So it was decided that the most effective and economical way to reach them would be by direct advertising.

At the same time a small amount of newspaper space was used daily to reinforce the direct advertising and to reach prospects not on the mailing list.

MAKING A MAILING LIST.

The first step was to secure the proper mailing list. The trust company conducted a banking department, and a large number of names were selected from among those of its depositors; the officers of the banks added the names of many people who would be good prospective clients; and out-of-town names were secured from assessment rolls and other sources. In this way a list of several thousand names was built up.

As the campaign got under way the list was increased by the names of inquirers secured through the newspaper advertising.

FORM OF ADVERTISING USED.

The form of advertising decided to be used was that of a six-page folder, which would easily slip into an ordinary business envelope. This gave a title-page and five pages of reading matter.

This form and size were selected for several reasons. In the first place it was planned to treat of but a single topic at a time. Better to impress one point clearly than to give a hazy notion of several.

By restricting the size of the folder and printing in good sized type, there would be no danger of burdening the reader with too much matter. The appearance of a large amount of reading is frequently sufficient to make the recipient lay aside such an advertisement, never to pick it up again.

The question of expense also came into consideration and it was deemed wiser to use quite a number of small

pieces of printed matter rather than a few larger and more expensive ones.

One of these folders was published and mailed every four or five weeks. Often enough so as not to lose the continuity—not so frequently as to become a nuisance.

In this kind of advertising it is necessary to give a man time to think over your proposition, and a discussion of a new phase of it once a month is undoubtedly frequent enough.

AN IMPORTANT POINT.

The printed folder also has the advantage of not being too personal. There are many prospective clients which it will not do to go after too sharply for this kind of business. Consciously or unconsciously, the feeling that it is only after his death that the trust company will get a man's business puts a rather unusual aspect on this form of advertising. It is advertising which has to be done with gloves.

It would be difficult to use letters without giving offense in some cases; the folder, however, is not so personal, and more forcible matter can safely be put into it.

THE CAMPAIGN IN DETAIL.

The subjects dealt with in the folders were arranged in a logical order, but at the same time each folder was made a complete advertising unit in itself, so that if a person should happen to read only a single one of the series some advertising of definite value would still be obtained.

The first folder sent out was entitled "Your Will," with a sub-heading, "The Importance of Making It Now." It began with the statement that "Every man and woman who has any amount of property ought to make a will." It went on to show that the making of a will was a purely business matter, and that no advantages were to be secured by not making a will.

Some of the important advantages of making a will were then explained. As a final argument it was stated that as an administrator's fees were the same

as an executor's, "A man cannot save a dollar by not making a will."

The services of the trust company as executor were referred to, and the importance of making a will at once impressed upon the reader.

This folder was followed a month later by one called "Your Executor. A Consideration of His Qualifications." The folder opened with a few words on the importance of choosing the right executor, and then called attention to the fact that the trust company is a specialist in such work. A brief comparison between the qualifications of a corporate and an individual executor followed. The experience of the trust company was emphasized. In conclusion the fact that it costs no more to appoint the trust company than an individual executor, or to leave it to the court to appoint an administrator, was hammered in.

"Your Wife and Children" was a folder stating "The advantages to your wife and children of leaving property in trust." After reiterating the importance of making a will, attention is called to the advantages of creating a trust, with specific illustrations of how it might aid a man's wife, and also how it can be arranged so as to help his children. Under the sub-heading, "Our part in this work," it is mentioned that the trust company is authorized to act as trustee, and that the many advantages of appointing the trust company to act in this capacity will be explained in the succeeding folder.

This folder bore the title, "Selecting a Trustee." A brief prologue again emphasized the importance of making a will at once. In preparing the folders it was believed to be very essential to keep harping on the importance of making a will immediately, and not to let minor details cause the reader to overlook this fundamental.

The advantages of the corporate over the individual trustee were carefully explained, and the special qualifications of the trust company enlarged upon.

A month later was published the

fifth folder, "What is the Cost?" in which were given the fees as specified by State law for executors and trustees, with an illustration of the cost of an executorship. This was followed by a summary of what was secured by appointing the trust company as executor and trustee.

The next month a folder was sent out explaining how the trust company invests trust funds.

The seventh folder was a very concise summary of the reasons for appointing the trust company executor and trustee. The strongest of the arguments used in the six preceding folders were brought together here.

These folders were written in plain, popular language. Technical terms were avoided as much as possible, and when used were carefully explained.

The printing was first class, attractive and dignified, without being in any way ornate. Only one color of ink was used on a folder, but each folder was printed on paper of a different tint, so that the recipient would see at the first glance that he was receiving something different from what he had read before.

The folders were, of course, mailed under letter postage, in an envelope bearing the trust company's name in the corner. The average man is pretty sure at least to look at any matter sent him by a bank.

RESULTS.

It takes a long time before one is able to judge of the full results of such a campaign. Men would come into the trust company to talk over some phase of the matter with a folder in their hands which they had saved for a number of months. Much of the fruit of such a campaign will not be seen for many years, but sow good seed and it will bring good business in time.

While you cannot make a man draw his will in the same way as you can get him to go and buy an article of merchandise, you can by proper advertising educate him to make a will, and get him to appoint your company as executor and trustee when he does so.

BALANCING PASS-BOOKS

By Edgar G. Alcorn

SOME banks give little attention to the balancing of pass-books, seeming to think it is only one of the unimportant details connected with the daily routine of the bank. Entries are carelessly made, the cancelled vouchers are hurriedly counted and thrown loose in the book, and deposits are often entered from the ledger instead of direct from the credit slips.

The pass-book is an important book—important to the depositor as well as to the bank. It is more than an "account book." It is in fact, the depositor's receipt from the bank, showing the credits that have been placed to his account. The failure to enter a deposit may result in loss to the depositor, while deposits erroneously entered have been known to result in loss to the bank.

Carelessness shown in balancing pass-books will cause depositors to lose confidence in the accounting methods of the bank, as the character of a bank's management is apt to be judged, to some extent at least, by the methods employed in handling their books. The slovenly manner, however, in which some depositors keep their pass-books is often responsible for the carelessness shown by the bank. These depositors seem to think the pass-book is intended to be used as a personal memorandum book in which to keep an account of their personal expenses and other memoranda. In fact some books are handed in so badly defaced that new books have to be made out before they can be balanced.

On the other hand some banks persist in applying iron-clad rules in balancing pass-books whether they are satisfactory or intelligible to the depositor or not. This, however, is not always a good policy, as depositors as a rule realize the importance of the pass-book, and many of them have their own ideas as to how they should be balanced. Of course, so far as pos-

sible a bank should have a uniform method, as it could not very well afford to balance books in accordance with the whim and fancy of every individual depositor. It is, however, advisable in some cases to "break over" from established customs. For instance, the system employed by a bank in balancing pass-books may be that which uses the pass-book only as a memorandum for deposits. The depositor, however, may prefer to have a record of his checks as well as his deposits on his pass-book. He may be "cranky" on the subject and insist upon having the thing done his way. If he is a large and influential depositor it would be foolish for the bank not to accede to his demands, for if it did not do so the depositor would in all probability withdraw his balance and go to some other bank.

While the balancing of pass-books properly belongs to the individual bookkeeping department, it is doubtful if this work should be left entirely in the hands of the individual bookkeeper himself. A clerk having full charge of both the individual accounts and pass-books has a better chance to manipulate the books and thus defraud the bank.

ADAPTING METHODS AS PRACTICABLE.

In some of the country banks, however, which employ only from one to three clerks, it is practically impossible for this work to be performed by any clerks other than the individual bookkeeper. In most of the large banks they have special departments performing this work and the individual bookkeeper is not permitted to balance the pass-books at all. In this way a check is provided on the work of the individual bookkeeper which, to some extent, is a safeguard against frauds being perpetrated by the manipulation of the depositors' accounts. There is no absolute safeguard, how-

ever, against the dishonesty of a book-keeper, as the clerk whose duty it is to balance the pass-books may work in collusion with the individual book-keeper and in this way systematically rob the bank.

In well regulated banks, accounts are not permitted to run along from month to month without being balanced. Country banks as a rule are more indifferent in this regard than city banks. No doubt in some of these banks there are accounts of several years' standing which have never been balanced or verified with the pass-book. Individual accounts are neglected in this way, yet few banks would think of letting their accounts with other banks go longer than a month or two without verification.

Many depositors themselves will allow their accounts to run indefinitely without being balanced. In such cases they should be requested to hand in their pass-book. Some banks do not give proper attention to such requests. They send out printed postal cards, while others use a printed form letter or an imitation typewritten letter. The wording of these notices is often unnecessarily short and abrupt. Here is a form commonly used:

FIRST NATIONAL BANK

Columbus, Ohio

Dear Sir:

Please send in your pass-book to be balanced

Very truly yours,
E. M. Davis, Cashier.

This is not a polite or courteous note. It is so short and abrupt that a depositor of a suspicious nature might assume that something was wrong with the bank or his account. The following form is better as it offers some explanation for making the request and is a little more courteous in tone:

FIRST NATIONAL BANK

Columbus, Ohio

Dear Sir:

We notice that your pass-book has not been balanced since As it is our custom to verify accounts every

month, we would consider it a favor if you would send in your pass-book at your earliest convenience to be balanced.

Very truly yours,
E. M. Davis, Cashier.

Still a better plan of notifying depositors is by personal letter. Some will say this would be impossible in large banks, as it would necessitate the writing of several hundred letters every month. Others may feel that it is a waste of time even in small banks. There is no doubt that while such a policy would cause a great deal of extra work on the part of a stenographer or minor clerk, most banks would find that the benefits derived from these personal notes would much more than recompense them for the additional labor and expense.

Not only is the average depositor likely to give more attention to a personal letter than to a formal printed notice, but he will appreciate the courtesy of a personal letter signed by an officer of the bank.

These personal notes also have a tendency to stimulate business. In a great many cases depositors complying with the request will also make a deposit. In fact, some banks are glad of the opportunity of occasionally dropping these little personal notes to their depositors because of their value as "gentle reminders," if nothing more.

All banks, however, have depositors who will give no attention to these notices, whether they are printed forms or personal letters. They ignore repeated requests, notwithstanding they may enter the bank several times during the day. Such accounts should not be allowed to run longer than three or four months without being balanced, although it may be necessary to balance them without the depositor's pass-book.

AVOIDING MISTAKES.

All the deposit tickets and checks representing the deposits made and checks paid since the book was last balanced should be gotten out and a statement of the account made. The entries on the statement should be

made from the original deposit tickets and the cancelled checks, and not from the individual ledger. If this is done it will be a verification of the account. If the entries are copied on the statement sheet from the ledger, the statement balance and the ledger balance may agree and still the account on the ledger may not be correct, as wrong entries made in the ledger would also appear in the statement.

When accounts are balanced in this way, the statement with the cancelled checks are either mailed to the depositor or filed away in the bank. A memorandum is made on the ledger opposite the date of the last balance showing that a statement of the account has been made. Such entry is usually made in red ink as follows: Statement 3/5/11.

Some banks, however, prefer not to surrender cancelled checks unless the pass-book is balanced and memorandum made thereon. They usually keep the checks filed away with the statement sheet. Sometimes several statements may be made of a depositor's account before his pass-book is handed in. When the book is finally received to be balanced, the several statements and cancelled checks are surrendered with the book. In balancing the pass-book the deposits are compared with the deposits on the statement sheet, as they were entered here from the original deposit tickets, which were then filed away in cabinets. Only the totals of the checks of each statement need to be listed, the checks paid since the date of the last statement of course being listed separately.

WHEN TO BALANCE.

Some banks prefer that every depositor leave his book at least once every month to be balanced. This does not mean that they want all the books at any certain time during the month. Many depositors, however, like to have their accounts "squared up" the last or first of every month. For this reason banks are often "swamped" at such periods, and in the large banks it is

usually necessary for "all hands" to "turn in" and assist the individual bookkeeper in getting the books balanced.

It is the fault of the banks to some extent that depositors have formed this habit. Some banks have given the impression that this is the proper time to leave the book. The fact of the matter is it is just the time that pass-books are the least desired, as the clerks already have a lot of extra work crowded upon them by reason of the monthly trial balances, statements, reports, etc. Banks are sometimes advised to require depositors to leave their pass-books the last of each month, and then they should invariably have every book balanced and ready for delivery by the first of the month. Such a thing, however, would not be possible in small banks, much less the large banks in the cities. For instance, suppose a small bank with only one or two employees has a thousand depositors, and all these depositors on the last day of the month leave their books to be balanced. What chance would half of them stand of getting their book the next day? Pass-books as a rule should be balanced once a month, but the practice of leaving them on the last or first of the month should to some extent be discouraged.

INCREASING THE WORK OF BALANCING.

One thing that tends to increase the work of balancing pass-books is the habitual neglect on the part of some depositors to make deposits without their pass-books. This makes it necessary for the bookkeeper to enter them, which takes more time than simply checking them from the ledger. In such cases deposits should never be entered on the pass-book from the individual ledger. When a deposit appears on the ledger that is not on the pass-book, the deposit ticket should be looked up and the entry made directly from it. Errors are frequently made by posting a deposit which belongs to one depositor to the account of another depositor. When such an error is

made, and the bookkeeper copies the deposits from the ledger account in which the error occurs, the depositor is receipted for a deposit which he has not made. His book is balanced and returned and the error perhaps goes unnoticed. Some time afterward the error may be discovered by the bank, but it would not be an easy matter in every case to convince the depositor that a deposit entered upon his pass-book by the bank should be deducted from his account and credited to another.

Few depositors, especially if they make frequent deposits, would remember every deposit made, and he naturally assumes that every deposit entered on his pass-book by the bank must have been made by him.

To avoid the necessity of entering deposits on pass-books when left to be balanced the bank should encourage depositors to always bring their pass-books when making deposits. When the depositor fails to bring his pass-book the bank should invariably give him a "duplicate deposit ticket." These duplicate deposit tickets should be stamped across their face with a rubber stamp as follows:

DUPLICATE DEPOSIT TICKET

Please bring this deposit ticket with your pass-book and have it entered. This ticket is given as a memorandum of this deposit, and is not transferable.

FIRST NATIONAL BANK,
COLUMBUS, OHIO

Sometimes a depositor will fail to get credit for a deposit owing to the neglect of the bank to make out a deposit ticket at the time the deposit is made. Tellers have also been known to make out the ticket to the wrong depositor. The error may not be discovered until the bank notifies the depositor that he is overdrawn or until his book is balanced and he finds his balance is not as big as it should be. If the depositor has no duplicate ticket or anything to show that the deposit was actually made there may be some difficulty in settling the dispute to the

satisfaction of both depositor and bank.

Out-of-town customers usually send deposits by mail without their pass-books. For this reason some banks do not issue pass-books to them. Statements of their accounts are made off at frequent periods and with cancelled checks mailed to them. Some banks also do not allow any of the clerks to make entries on a depositor's pass-book, except the teller, or the clerk who received the deposit and made the original entry.

"DUPLICATE DEPOSIT TICKET SCHEME."

To facilitate the balancing of pass-books and to avoid the temptation of entering deposits from the individual ledger, some banks have adopted what is known as the "Duplicate Deposit Ticket Scheme." When a deposit is made the teller, or clerk who receives the deposit, makes out a duplicate deposit ticket, whether the deposit is accompanied by a ticket or not. The original ticket goes on the wire and later to the individual bookkeeper. The duplicate is made out and signed by the teller and filed away with the paid checks.

The usual forms of duplicate credit slips are shown below. They are usually made the same size as an ordinary check, but printed upon a special colored paper so that they may be easily distinguished from a check.

When the pass-book is left to be balanced the checks with the duplicate tickets that are filed with them are gotten out and the deposits entered on the pass-book direct from these duplicate tickets. Under this system there is little danger of deposits being entered on pass-books which do not belong there. These tickets are not, of course, surrendered with the checks, but they are filed away for awhile and finally destroyed.

FIRST NATIONAL BANK

Columbus, Ohio.....	19....
Credit	\$.....
.....	Dollars
.....	
.....	Teller

There is no uniform method of balancing pass-books. Different banks have different methods—the methods depending to a large extent upon the individual ideas of the bank, the size of the bank, and the character of the bank's depositors. Since the adding machine has come into such general use, however, it has had a tendency toward creating a more uniform method of handling pass-books in all classes of banks, large and small.

PURPOSES SERVED BY THE PASS-BOOK.

Formerly the pass-book was considered merely an "account book" in which the depositor kept his account with the bank. This was how the idea originated of entering the deposits on the debit side and the checks on the credit side of the pass-book. In other words, the depositor charged the bank with every deposit he made and credited them with the checks he issued.

Under the old method the bank entered the deposits on the book, while the depositor entered his checks as they were issued. The book thus served the double purpose of an account book and a receipt book. In entering his checks on the pass-book the depositor usually entered them as they were issued, giving the number or date, the person to whom payable, and the amount of each check.

This perhaps was a more convenient method and furnished a nice record for the depositor, but it burdened the bank with a great deal of clerical work, which did not properly belong to it. Some of the smaller banks still balance books in this old-fashioned way—not because they really prefer to do so, but because their depositors have become so accustomed to it that they will not submit to any change. The banks, rather than run the risk of getting their displeasure, continue to use the old method for their accommodation, although it may necessitate the employment of additional clerks.

Some depositors actually believe they are doing their bank a favor by entering their checks. This might be the

case in some small banks with few active accounts, if all the checks are entered neatly and correctly. But the trouble is, few depositors enter all their checks, and many are incorrectly or illegibly written.

When a depositor lists his own checks, it really makes it harder to balance his book, even though the checks are all entered neatly and correctly. Especially is this true if the account is an active one. The reason of this is because the depositor enters his checks as he issues them and not in the order in which they are paid. Consequently they are not in the same order in which they are posted to the individual ledger or in the same order in which they are filed.

In balancing a pass-book of this kind it is necessary, of course, to check the cancelled checks with the entries on the pass-book. The first check issued may have been one to John Jones for \$250. John Jones living in the same town in which the bank is located may have gone to the bank at once and cashed it. The next check issued may have been to some one at a great distance. While this check is in transit the depositor may have issued a number of other checks and mailed them to various parts of the country. Consequently when the bookkeeper goes to check the second check, instead of finding it the second entry in the pass-book he may have to look through several pages of other checks before he comes to the corresponding entry. As few checks are presented in the order in which they are given it makes it necessary to look through a page or even several pages of checks to locate and verify each check.

When a customer insists upon having his checks entered in his pass-book, the bank prefers to enter them because they are then entered in the order in which they are paid. It is unnecessary to check the list with the checks unless the book does not balance. If the book does not balance, however, it is a very easy matter to verify the entries, as they are in the

same order as the cancelled checks themselves and can be checked as rapidly as they are called. Some depositors are very exacting and not only want the amount of their checks entered, but also the date and payee of each check.

It is only in small banks that pass-books can be balanced in this way, as such a method requires too much time in banks where a large number of books are left each day to be balanced. Some of the larger banks, however, when they are compelled to enter the checks, list only the amounts. In banks where the books are balanced in this way the credit side of the book is usually ruled with two or three columns, while the debit side is ruled in the usual way for deposits. This ruling permits of a larger number of checks being entered on a single page. In balancing such a book the balance is entered on the credit side of the book after the last check is listed and the page footed. The footing should of course agree with the total footing of deposits on the debit page. If the balance is correct it is forwarded to the debit side of the next page.

ITS MODERN USE.

The more modern way of balancing pass-books, and the method now almost universally used by large banks, is that which uses the pass-book only as a memorandum of deposits. The checks are not listed on the book in any way. The increased use of the check and the advent of the adding machine are responsible for this departure from an old and established custom. When deposits only are entered on the pass-book the checks are either listed on an adding machine or with pen and ink on long slips of paper or envelopes. Nearly all progressive banks now have adding machines, and for this reason the checks are usually listed on the machine.

The deposits are entered on the credit side of the pass-book as well as the debit side. That is, when the debit page is filled, instead of forward-

ing the total of that page to the next debit page, it is forwarded to the opposite or credit page, and the deposits are entered right along on this page. When a pass-book is left to be balanced the deposits, after being verified with the ledger, are footed, and the total set down on the parallel line next below the last deposit entered. The total of the checks taken from the adding machine slip, or the envelope or slip upon which they may have been listed with pen and ink, is entered directly under this amount on the line below. The total checks are subtracted from the total deposits and the difference entered on the line below. This shows the balance.

These entries are usually made at first with pencil. The book is then compared with the individual ledger balance, and if the balances agree the lead pencil figures are erased and re-entered in ink. This is done to avoid "scratching" the book after the figures have been entered in ink. The book is then ruled by drawing a red line under the figures of the last deposit, under which appears the total deposits. Another red line is drawn under the total checks, under which appears the difference, or balance. To the left of the figures representing the balance and on the same line, the date the book was balanced and the word "balance" are written. Many banks have a rubber stamp by which they do this ruling at a single stroke as follows:

.....
Total Deposits
Less Total Checks Surrendered.....
Balance

The date the book is balanced is entered with a little bank dater at the left of the word "balance."

Instead of listing the checks on the adding machine when pass-books are balanced in this way, some banks list them with pen and ink on the back of heavy manilla envelopes. The envelopes are ruled on the back with two or three columns with close parallel lines so that a large number of checks

may be entered. This method is popular with many country banks. It is also convenient and satisfactory to depositors, as it furnishes them with a permanent record of their cancelled checks and provides a more convenient way of filing them. When a book is balanced the checks are placed in the envelope, after being listed on the back, and surrendered with the pass-book.

A method similar to this is a special form of pass-book which has been adopted by at least one bank. On the debit side of this book, or on the side on which the deposits are entered, the page is ruled with thirty-one parallel lines. In the left-hand margin these lines are numbered consecutively. Each line represents the day of the week indicated by the number.

At the head of each debit page the day of the month is written or printed, thus giving a page for each month's deposits. For instance the first debit page is for the month of January, the second debit page for February, the third for March, etc.

Deposits are not entered on every line, but each is entered on the line the number of which corresponds to the day of the month on which the deposit is made. A deposit made on the first day of the month is entered on the first line, but if another deposit is not made until the tenth of the month, instead of entering it upon the line immediately following the first deposit, the several lines between the first and tenth are left blank, and the deposit entered on the tenth line.

Under this method the book is supposed to be balanced every month. On the credit side of this pass-book there is no ruling at all, except on the first page, where there is a line at the top of the page for writing the name of the depositor. When the book is left at the end of the month to be balanced, the checks are listed on the adding machine. By the use of a rubber stamp similar to the form of the one already shown, the ruling of the book is accomplished on the credit side of

the book. This stamp provides wording and space for entering the total checks, the date the book is balanced, and the balance.

The advantages claimed for this method is that the depositor can tell at a glance on just what dates deposits are made, and also that the special ruling of the debit page is a constant reminder to have the book balanced at the end of the month. It also saves the teller and bookkeeper time, as the teller does not have to write the date each time a deposit is made, and it is more convenient for the bookkeeper in checking up the pass-book with his ledger.

This form of pass-book also permits the bank to use the adding machine in connection with the balancing of the books. As the credit pages are blank the adding machine slips may be gummed and pasted in the book. This would provide a more permanent record of the checks, which is what so many depositors desire.

A new and rather novel "voucher envelope" is one which combines the statement with the envelope. Instead of the checks being listed on the back of the envelope, the envelope is provided with a very large flap like a wallet. This flap is ruled with two columns—the debit column for listing the checks and the credit column for listing the deposits. At the top appears the name of the depositor and the date of the statement. At the bottom the ruling is the same as that accomplished with the rubber stamp impression shown above. This envelope is used when the depositor's account is balanced without his pass-book. The balance as shown by the ledger when the account was last balanced is entered at the top of the deposit column, and the deposits listed below. The checks are also listed and footed. The total is deducted from the total of the balances and deposits. This style of combined voucher envelope and statement does away with the use of an extra enclosure envelope. The checks are placed in the pocket of the wallet, the

flap of which is folded over and sealed. This is a convenient method of rendering a statement without the pass-book. It affords a more permanent record, as the statement flap containing the checks is always attached to the envelope, and the two will not become separated.

EVADING DISSATISFACTION.

While entering deposits only on the pass-book and listing checks on a separate slip of paper is a more convenient method for the bank, it is in some respects unsatisfactory to depositors. The slip containing the list of checks and pass-book are separate and consequently there is danger of one or the other being mislaid or lost. Besides, only the amounts of checks can be listed, no record being made of the date, number or payee.

Various schemes have been resorted to by different banks to overcome this objection. Some banks have tried the method of listing the checks on the adding machine and pasting the slip in the pass-book. When the list is a long one this is done by cutting it into short strips the length of the pass-book page. These are pasted, two columns to a page, on the credit side of the book. This method works quite satisfactorily in small banks.

Another plan which some banks have tried is to issue to every depositor two pass-books instead of one, one being supplementary to the other. The principal pass-book is the one in which only deposits are entered. In the other are listed the checks. Under this method the depositor would have to leave both books when he wanted his account balanced, or the checks would have to be listed and surrendered in a new book each time. Another plan which one writer suggests is as follows:

"Have the pass-book built in what might be termed a skeleton form—made, to begin with, with good covers, one single leaf inside (two blank pages), and a sort of scrap-book arrangement of margins, by which leaves could be added every month. On the

proper page of the first leaf enter all deposits as they are made. Then, at the end of the month 'gluten' in, on the stub or margin which stands ready for the next leaf of the book, a season leaf, on one side of which has been entered beforehand and at the convenience of the bank clerks, all the checks paid during the month. The book thus carried on will continually present a page ready for deposit entries, and a place for insertion of the written-up debit sheet."

When a depositor leaves his book to be balanced, or when a statement is rendered and the account is overdrawn, it is best not to surrender the checks until the overdraft is made good. Under such circumstances a dispute often arises between the bank and the customer as to the correctness of the account, and the bank should not surrender its receipts until the account is proven correct to the entire satisfaction of the depositor. Some banks contend that cancelled checks should never be surrendered to depositors, as they are receipts belonging to the bank. On the other hand, the depositors also lay claim to the checks, asserting that the endorsements thereon furnish them receipts for money they have paid out.

Banks, however, are usually glad to get rid of the old checks, as they accumulate very rapidly. Some banks, however, before they surrender a depositor's cancelled checks require him to sign a receipt for them. These receipts are usually placed in the pass-book or presented with the statement. The following is a simple form of such a receipt.

FIRST NATIONAL BANK

Columbus, Ohio

January 1, 1911.

RECEIVED of the First National Bank of Columbus, Ohio, statement of my account towith vouchers, showing a credit balance of \$..... I agree to examine the statement and checks carefully, and if not correct, to give notice to make all reclamations within a reasonable time.

.....

Please fill out this slip, sign and return.

Depositors should be impressed with the importance of carefully comparing and examining checks returned. In this way checks drawn for incorrect amounts or raised to larger amounts may be discovered in time to save the bank or themselves from loss. Forgeries may also be detected before it is too late to catch the swindler and recover the money secured on the bogus checks.

Each check should be examined not only to see that no endorsements are missing, but to see that all endorsements are properly made. Checks are not valid receipts unless properly endorsed.

When pass-books are balanced they

should not be thrown carelessly and promiscuously in desk drawers, but should be filed in alphabetical order, so that the hand may be laid readily on the book desired. Nothing is more annoying to a depositor who has hurriedly called for his pass-book than to be compelled to wait while the clerk leisurely searches through a disordered stack of books. If possible regular pass-book holders, in which pass-books may be filed compactly and alphabetically, should be provided. Such a system should prevail in small banks as well as large ones. It saves pass-books from becoming mislaid, saves time, and gives prompt service.

THE PROTESTING OF CHECKS

By Arthur H. Eyles, Jr., Manager Trust Department, Franklin National Bank, Philadelphia, Pa.

IN all banks one of the sources of worry and expense is the protesting of non-protestable checks, which is, in a large measure, due to carelessness in handling incoming mail or deposits. A method overcoming this is as follows: As soon as the mail or deposits are received, have a certain man or men open all letters or deposits, taking from the envelopes all letters, drafts, etc., then after having distributed all collection items and other miscellaneous matter in the proper places, look over the cash letters and see just which items are sent in "no protest." After having selected all such items, mark them plainly "no protest" in front of the figures on the check or draft, as shown in the accompanying example:

No. _____ 1912
 No Protest \$15.00
FIRST NATIONAL BANK
 Pay to the order of....John H. Jones...
 Fifteen.....Dollars
 Harry S. Smith

The clerk, in writing up his outgoing letters, looks at the figures nine times to the one time that he looks at the body of the check. Then have the man that opened the letters put his initials on the letters he looked through, as this will make him responsible for the letters, which, in case an item is protested, is important, because in the majority of cases the fault of protesting is due to not making certain men see to it that the items are so marked.

The next step is to see that the letter which is sent to your correspondent is properly marked, and the fact that the item was plainly marked "no protest" before the figures lessens the likelihood of its being missed. To my mind, this is a very important point, as it will save the banks thousands a year, from the fact that whenever an item is protested, which should not have been, the bank which failed to follow instructions of the letter is in all cases held for the amount of the fees on items so protested.

THE PAY ENVELOPE—ITS USEFULNESS IN OBTAINING DEPOSITS

By W. R. Morehouse, Assistant Cashier German-American Trust and Savings Bank, Los Angeles, Cal.

THE banker, like the merchant, is using every available means for securing and then conserving business. Many banks throughout the United States have resorted to advertising campaigns, and very willingly expend thousands of dollars annually to arrest the attention of the observing public. Under the broad subject of "How to get business and to conserve it," a consideration of the use and misuse of the pay envelope may prove of interest.

The common brown tag envelope widely distributed by banks is not a new invention, since pay envelopes have been used for some years. The question is: Does the pay envelope pay as a deposit-getting medium? In the judgment of some bankers the answer is in the negative. Others regard the use of this medium as unsatisfactory, principally because there is no way of knowing definitely the results derived from its use. The great majority of users, however, are unwilling to discontinue it.

As a matter of fact, the pay envelope's usefulness to the bank has not received the consideration it merits.

That the degree of immediate success attained is very indefinite is not more true in the case of the pay envelope than in that of bank advertising campaigns in general. That it does pay a bank to advertise for business is a well established fact, whether the results are of a definite or indefinite quantity.

It is the great number of people reached at a minimum cost that establishes the merit of the pay envelope as an advertising medium. The results in most cases have been gratifying.

Facts regarding the pay-envelope plan are easily obtained. A list of banks now using this system can be secured by writing to the manufacturers of the envelopes. No bank need ven-

ture into the plan without first securing evidence both for and against its use. The canvass will show that few banks discontinue the use of pay envelopes after once giving them a fair trial.

COST OF SECURING DEPOSITORS.

The best estimate obtainable as to the actual cost of each new depositor secured through the direct method of advertising is \$6.00 for which amount a bank can buy and distribute nearly 10,000 pay envelopes to as many people. The comparison here is startling and almost unbelievable, but is nevertheless true. When we consider that it is possible to reach 10,000 wage-earning people for the price of one depositor secured by direct advertising, we should become intensely interested in the pay-envelope plan. As a business proposition the envelopes pay, and the rate of expense is negligible. The facts are so conclusive that banks using them should refuse to even consider discontinuing their use. One thousand people can be reached for the same amount as is paid by banks for two very ordinary calendars and these two calendars go to but two persons and they are generally depositors.

IMPROVEMENTS IN THE ENVELOPES.

The great objection to the pay envelope is not in the plan but in the envelope itself—the sameness in material, color, size and in the printed matter. It does not matter whether you see it in Maine or in California, it is the same light brown tag envelope; and it is largely due to this monotonous lack of variety, covering a period of years since the idea was first introduced, that it has lost its attractiveness. People are looking for ideas that are "different," and whatever does not impress

them with something of originality fails to secure their attention.

Another criticism is that the envelope is often too profusely printed over with matter of little interest to the people reached. The fact remains, however, that neither color, size nor printed matter is sufficient to condemn the plan as unworthy of consideration, for all of these defects can easily be corrected.

The little tag envelope now used costs from sixty cents to sixty-five cents a thousand. It is recommended that an envelope made of better paper and in attractive colors be used. The color plan should be carefully watched in their distribution. Boxes containing different colored envelopes should be distributed to each firm, with the instruction that they alternate the colors on each pay-day. The diversity of color would at once arouse the curiosity of the person receiving the envelope, and he would very likely read the invitation on the envelope, provided it suggested something that appealed to his needs. The attention of a wage-

earner who receives his pay weekly would be drawn to a scale showing the growth of one dollar deposited weekly with compound interest added. This kind of proposition is within his reach, and the amount necessary to open an account is so small that he will be encouraged to do so at once. What would attract more attention from those accustomed to receiving the common brown tag envelope than to receive one bright in color different in size and shape, presenting a message suited to their needs?

The bank's part in the pay-envelope plan is to buy the envelopes and keep a record of firms or corporations using them. The work of carrying out the plan is all done by the firms or corporations for one of their employees must handle the envelopes one by one, in placing them in the hands of the wage-earners.

Through what avenue can a bank reach an equal number of people, at an equally low cost, and at such a minimum of effort upon its part?

Pay envelopes pay.

SUB-TOTALS IN THE BOOKKEEPER'S WORK

By Charles P. Schumacher

"YOU might as well look for a needle in a haystack" as try to find an error in the Individual Ledger if you haven't got it divided into sections. You can find the error, of course; what is black on white can be found as long as "The whole is equal to all its parts taken together," or any other axiom is true. Just so, the needle in the haystack can be found, but who wants to hunt it.

Dividing the bookkeeping work into sections is only another way of utilizing sub-totals. It is driving them to their utmost by making a colony of them work hand in hand throughout a week or perhaps a month.

In large banks where the service of

more than one man is required to do the Individual work, the man who enters the checks and deposits from A to E and posts these to his own ledger is not concerned at all about the accounts in the other letters. He can prove up his work independently of the others. Now that selfsame thing can be done even if the accounts are all in one volume; it is not necessary to have a binding to indicate the whereabouts of a sub-total.

The essential thing is to split your trial balance up into links which will correspond to certain links or parts in your daily work. The trial balance that is run off in one long string is discouraging already from its appearance

alone. It is like a page in a book that is not split into paragraphs; only, the unbroken trial balance is worse; if it takes fifteen feet of adding machine paper, it will look like a mile of ribbon when you come to checking it back for an error. And that is not inviting, to say the least. Besides there is no use going a mile for a thing that is just around the corner. All you need to know is which corner to start from. Now, the sections will show you that.

To split the trial balance itself into sections is easy enough. Sub-totals after certain letters and complete totals after certain others will do the work. But this in itself is not sufficient. We must also have our daily work divided into sections, and this is effected by stationing sub-totals at regular intervals in the additions of the checks and deposits in such a way that we can readily get into communication with them whenever we meet with distress in our trial balance.

PUTTING IN A DAY'S WORK WITH THE BOOKKEEPER.

To make all this clearer it may be good to follow the bookkeeper through a day's work, starting at the moment the messenger gets back from the clearing house. From that moment the bookkeeper himself estimates the amount of entries he will have to make during the ensuing hours. Watch him grasp that bundle of checks; he wants to get an accurate idea of their number.

By this time the assistant will be running up the clearing house checks on the adding machine in order to verify the lists that accompany them. Next the checks themselves will be examined, probably by the teller, as to dates, signatures, endorsements and amounts. Those short of funds or which present any irregularities along with the Clearing House Checks, Cashier's Checks, Certified Checks, Debit Memoranda and Certificates of Deposit are removed and the balance is turned over to the bookkeeper, who distributes them in

stacks from A to Z according to the initial of the account against which each is drawn.

Along with these he will distribute the checks that come in over the counter and those that come in through the mails; but before mingling them with the clearings he will make a list of them on the adding machine to ascertain their total. The total of the clearing house checks he already knows as it is equal to the debit side of the clearing house statement diminished by the sum of those items that have been removed. The sum of these two totals, then, is the amount of all the checks that are to be charged against the individual accounts for the day, and it is to this sum that the individual bookkeeper calls back for proof after he has made the entries for all the checks.

Having thus brought together all the checks and knowing their total, the bookkeeper arranges them in strictly alphabetical order and proceeds to make the entries from them. In some banks they will be posted directly to the ledger; in others the names and amounts will be first inscribed in what is termed the Deposit Book. (Figure I.) Next the deposits are arranged, listed on the machine and then entered on the credit side. Here the names can be dispensed with except where there are no checks appearing against the account.

The total of the deposits together with the total of the checks is handed to the general bookkeeper that he may make his entry for the General Proof. The Individual bookkeeper can then proceed with his own work irrespective of the general balance.

In our consideration of this sectional method we are supposing that the bookkeeper, desiring to have a compact record of each day's transactions, uses the Deposit Book; because even where the posting is done directly to the ledger, the preparation for dividing the work into sections is accomplished practically in the same way, for the bookkeeper, then, in lieu of the Deposit Book keeps merely a skeleton of it,

June 17-12 Monday

Depositor's Name	Am't of Check	Am't of Deposit	Name
Arnold E.H.	247 50	48 98	
Baker C.E.	367 09	05 57	Agnes Shipping Co.
Crawford C. Co. ^{667 05} _{recd}	467 43	787 94	
Cyprus E.S.	67 34	87 92	
Cosmo Chas.	34 68	36 75	Circle John
Cromwell A.B.	6578 96	67 86	
<hr/>			
Dawson C.	78 42	13 23	
Ernst Aug	103 17	50 08	
		100 00	Edward John
Footings at End of E	13,573 40	6679 73	Deposit Footing

FIG. 1.—SAMPLE PAGE OF DEPOSIT BOOK

that is, an adding machine list corresponding to the two middle columns seen in Figure I.

When all the checks and the deposits have been entered, the bookkeeper is ready to make the additions; and here is where the real preparation for the trial balance begins. No extra effort is required, either, unless it be thought difficult to make a few sub-totals, one each after E, K and R, which shall be the end of our first three regular sections. Although in taking off the trial balance itself we will make complete totals after these letters, it is more convenient in our daily work to carry the total right along, as we have no way of proving up our checks before we have finished entering them. It will be recalled that the checks were not in alphabetical order when they were listed. The sections on the deposit side, however, can be proven up separately.

If the four sections into which we divide our work are of considerable size, we will make sub-totals not only after E, K and R, but also after every other letter. Thus we will be prepar-

ing for the Emergency Sections, which will be explained a little farther on. On completing his daily task the bookkeeper transcribes the regular section sub-totals to the Recapitulation Sheet, represented in Figure II.

How the sub-totals are to be of help to us can best be understood by mentally going through the operations incidental to taking off the trial balance. We will suppose, as before, that we regularly carry our ledger in four sections, concluding, respectively, with E, K, R and Z. We will run the first section off on the adding machine, making sub-totals as we go along after A, B, C, D, and, on coming to the end of E, clearing the machine. The overdrafts that we come across as we proceed we will put down on a slip of paper indexing them at the same time with the letter in which they occur, and their total we will deduct from the total of the credit balances in this first section. In like manner we will take off the other sections and compare the sum of their totals with the item of Individual Deposits as found on the statement.

Section No. 1		Section No. 2		Section No. 3	
Checks A-E	Deposits A-E	Checks F-K	Deposits F-K	Checks L-R	Deposits L-R
<i>Mon.</i>	13,573.40.	34,460.55	266,441.10	38,555.86	344,852.88
<i>Tues.</i>	34,167.21	47,856.44	61,916.77	61,775.50	65,366.81
<i>Wed.</i>	21,203.60	31,820.26	39,834.77	39,842.64	40,562.62
<i>Thur.</i>	21,898.68	29,769.96	39,971.91	32,762.79	43,270.66
<i>Frid.</i>	11,860.29	16,058.86	24,337.61	19,590.09	27,498.11
<i>Sat.</i>	12,178.70	19,135.53	19,065.49	24,780.33	24,132.14
<i>Totals.</i>	8,922.59	19,379.41	27,064.22	28,197.30	36,812.18
<i>Total</i>	174,037.34	281,346.77	604,250.99	343,666.02	752,711.73
<i>Deducting Debits.</i>	174,037.34		281,346.77		343,666.02
<i>Difference.</i>	*1		322,904.22		409,045.71
<i>Footings of Previous Section Deducted.</i>			192,832.89		322,904.22
		#2	130,071.83	#3	86,141.49

FIG. 2.—RECAPITULATION OF SECTIONAL FOOTINGS FROM DEPOSIT BOOK

Whether or not we balance the first clip, we will now prove up each section separately. Sometimes the total may agree and yet the ledger may be out of balance, as one error may offset another. Right here it may be said that this is one advantage of the sectional method—it is apt to uncover those twin errors; and every bank clerk knows how nasty they are. Another reason for separately proving the sections is to get a reliable starting point for these divisions in the following trial balance.

Taking the list of the first section we turn to the Recapitulation Sheet, seen in Figure II. At the top of the credit column under the heading A-E we find the amount, \$174,055.90, which is the total of the last trial balance for that portion of the ledger. The other amounts are the sub-totals as found in each day's work. For instance, the amount in the debit column under L-R, \$38,555.86, found in the line indexed *Monday*, is a sub-total in Monday's work and comprises the amount of all the checks on that day from A to R included. \$65,366.81 is similarly the sum of the deposits.

Now looking at the columns A-E, we note that the amount of the previous trial balance has been increased by the deposits, making the total \$366,869.73, which is decreased by \$174,037.34, the total of the checks, resulting in the

final sum, \$192,832.39. With this final amount the trial balance of the first section must agree or it is not O. K.

Coming to the second section, we find the calculations necessary to verify it a little more complicated, because the checks and deposits as recorded on the Recapitulation Sheet under F-K include not only those under that section, but also those comprised in A-E, whereas the trial balance list contains only those accounts beginning with the letters F, G, H, I, J, and K. (You will remember that we made a complete total after each section when we ran it off on the machine.) In consequence, we have to deduct \$192,832.39 from the difference between the checks and deposits in columns F-K i. e., from the amount \$322,904.22. Thus we derive \$130,071.83 with which the second-section trial balance must agree.

The portion from L to R is treated likewise, while the amount of the last section is equal to the remainder of the Individual Deposits as found on the statement after they have been reduced by the difference between the debit and credit columns of L-R. (See Recapitulation Sheet, \$409,045.71.)

We might repeat that these calculations for the last three sections would be no different from those required for the first division, if these links in the daily entries were kept entirely sepa-

rate; that is, instead of carrying along the totals from the end of A down to the end of Z, we would make a complete total after E, K and R. But carrying them along, as we said before, is more convenient where all the sections are under the charge of one man.

THE EMERGENCY SECTION.

This brings us to the consideration of the Emergency Section, as we would call it, which is merely an extended use of the sections regularly carried, and to which we have recourse only when an error has been located in one of the regular sections. Carrying too many sections right along would simply be doing a little thing in a big, cumbersome way; or, to say it otherwise, we will not recapitulate the sectional footings, except those after E, K and R until we are forced to do so by an error.

The only requisite to make the emergency section feasible is to make a sub-total after each letter in our daily work as well as in the trial balance list.

On discovering that there is an error in one of the regular sections, if we are not loathe to spend the time at it, we would first of all check back the trial balance list to be sure that no mistake was made in taking it off. After that we would look through the daily lists of checks and deposits (the deposit book) to see whether any amount like our difference had been skipped in posting; or whether half the amount had been added instead of subtracted, or vice versa; or whether there is such an amount as would make our difference by transposition; finally we would go over the extensions. Now all this is work. If by a few calculations we can say that the mistake is in the first half of the section or the second half, or this third or that third, we will be practically dividing the labor of rooting out the error by just so much. Now that's worth while.

So we turn to the sheets on which are recorded each day the checks and deposits. Suppose the discrepancy appears in the second section, i. e., somewhere from F-K. We shall find foot-

ings after F, G, H, I, J and K. Perhaps H brings us closest to the middle. So we make an adding machine list of the footings of the checks as we find them after H in the Deposit Book, beginning with the day of our previous trial balance and going down to the present.

Likewise we will make a list of the footings after H on the deposit side and add to it the sub-total after that letter in our previous trial balance list, first, though, deducting the overdrafts as found therein. We then strike as we did on the recapitulation sheet for our first regular section. Suppose that the result on striking is \$302,904.77. This amount includes all that went before H from A inclusive on. Now we wish to eliminate the section A-E. Therefore from the amount \$302,904.77 we subtract the section total A-E, which is \$192,832.39 (see Figure II.); thus obtaining the emergency section \$110,072.38. Now turning to the trial balance list which we have just run off, we find a sub-total which includes the H's, \$110,485.41. Subtracting the overdrafts of F-H, \$413.03, we get the desired result, \$110,072.38. Thus we find F-H is correct. Consequently we know that the mistake lies between H and K. Had the error showed up in F-H we would have gone through a similar process to see whether it would appear in G's or F's. By way of caution we might say the one thing which is apt to be overlooked when making the elimination of certain parts, is the overdrafts. Outside of that there is very little difficulty to be encountered, provided we have prepared for these special emergency sections by never neglecting the sub-totals in the daily work.

The use of this sectional method, we believe, will minimize the bookkeeper's anxiety at the moment he turns to the statement to look up the item of individual deposits after having taken off his trial balance. Even the very best man at his job will sometimes find that his trial balance is a little off. You can't entirely eliminate mistakes, you see; but don't forget that there is a way of dealing with them.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

FORGERY

WHEN PAYEE FICTITIOUS—INDORSEMENT —LIABILITY OF BANK.

Court of Civil Appeals of Texas, San Antonio, June 12, 1912.

GUARANTY STATE BANK AND TRUST COMPANY ET AL VS. LIVELY.

When checks are returned to a depositor by a bank, he is not charged with notice of forged indorsements, and, when he has ascertained the genuineness of his signature and the correctness of the sum, he has the right to assume that the indorsement is genuine; the drawer not being presumed to know the signature of the payee, but the bank being required to determine that question at its peril.

Where the drawer of a check knowingly makes it payable to a fictitious payee, it is considered payable to bearer; but if a real person is intended by the name of the payee, the check must be indorsed by that person, and payment by a bank upon indorsement of some unauthorized person is not binding upon the drawer and is made at peril of the bank.

THIS action was brought by H. Y. Lively against the American Exchange National Bank of Dallas (which impleaded the Guaranty State Bank and Trust Company and another) to recover \$1500 paid out by the first-named bank on a check drawn by Lively in favor of E. Crawford. Upon the trial it appeared that in a transaction with one Joe Weil, Lively through his agent drew a check on the American Exchange National Bank in favor of E. Crawford, who was thought by this agent to be a real person, but who was, in fact, a fictitious person. The check was delivered to Weil, who took the same to the Guaranty State Bank and Trust Company, and represented that E. Crawford was a cotton buyer who desired to open up an account with the bank, and presented the check with the name of E. Crawford indorsed thereon and the amount, \$1,500, was put to the credit of E. Crawford, and

was afterwards drawn out on checks signed E. Crawford, but really drawn by Weil, who afterwards fled.

FLY, J.—(Omitting part of the opinion): It is the general rule that, when the drawer of a check makes it payable to a payee known by him to be fictitious, it is considered to be payable to bearer; but if a real person is intended by the name of the payee, the check must be indorsed by that person or by some one with authority from him, or a forgery is perpetrated in indorsing the check. Payment upon an indorsement of a check payable to a payee believed by the drawer to be a real person upon the indorsement of an unauthorized person is not a payment binding on the drawer. Such payments are at the peril of the bank, unless it can claim protection upon some principle of estoppel or by reason of some other equity.

When checks are returned to a depositor by a bank, he is not charged with notice that the indorsement thereon had been forged; but, when he has ascertained the genuineness of his signature to the check and the correctness of the sum, he has performed his duty. When the check is returned to him, he has the right to assume that the indorsement is genuine. The drawer is not presumed to know the signature of the payee, but the bank must determine that question at its peril. The points of law herein mentioned are fully and satisfactorily settled by high and thoroughly satisfactory authority. (National Bank vs. Traders' Bank, 119 N. Y. 195. Shipman vs. Bank, 126 N. Y. 318. Bank vs. Whitman, 94 U. S. 347. Bank vs. Morgan, 117 U. S. 107.) The authorities cited sustain the charges of the court assailed in the fourth, seventh, eighth and ninth assignments of error.

In the case of Shipman vs. Bank,

herein cited, the facts were quite similar to those in this case, checks having been made by a depositor in favor of fictitious payees thought by the drawer to be real persons, and they were paid by the bank on a forged indorsement, and a judgment for \$223,000 against the bank was sustained by the Court of Appeals of New York. In that case there is a full discussion of the law applicable to a case like the one before this court, and it is well supported by authority. Speaking of the question of negligence of the depositors in connection with the checks, the court held: "Whether the plaintiffs were guilty of any negligence in that regard was a question of fact, and the finding is that they were, so far as the defendant was concerned, reasonably prudent and careful, and that payment of the checks was not caused by any negligence on their part, and we do not think it can be said that this finding is without evidence." In that case, the forgery was committed by a trusted attorney for the plaintiff; in this, appellee had no connection with Weil, the forger of the indorsement. The question of negligence was clearly presented, in this case, to the jury, and their finding thereon is fully sustained by the facts.

COLLATERAL SECURITY

NOTE DEPOSITED AS—ANTECEDENT
DEBT—HOLDER FOR VALUE.

Supreme Court of Utah, September 6, 1912.

FELT VS. BUSH ET AL.

Under the Negotiable Instruments Law one taking a promissory note as collateral security for an antecedent debt is a holder for value.

THIS was an action by an indorsee of a promissory note against the maker thereof. Certain payments having been made to the payee, the maker insisted that they should be credited upon the note. The indorsee received the note as collateral security to a note made by the payee for an antecedent indebtedness.

FRICK, J. (Omitting part of the

opinion): The attorneys representing the parties to this action agree upon and insist that the only question to be decided by this court is whether, under our statute (Comp. Laws 1907, §§. 1577, 1578, 1579, 1606), an indorsee of negotiable paper who received it before maturity in due course of business as collateral security for a pre-existing debt without any further consideration, and without notice of equities or infirmities, is a holder for value so as to protect him against payments that were made to the original payee before maturity and before the note was indorsed and delivered as aforesaid. The authorities in this country have always been divided upon the foregoing proposition. A majority of the state courts of last resort and all of the federal courts including the Supreme Court of the United States, have always answered the foregoing question in the affirmative. Upon the other hand, there has always been a very respectable minority of courts of last resort, the New York Court of Appeals leading the list, which has held that, unless there is some independent consideration for the transfer, the taking of a negotiable instrument in due course of business before maturity and without notice as security for a pre-existing debt does not constitute the indorsee a holder for value, and hence he takes the instrument subject to all existing equities between the parties thereto. We shall not pause here to refer to the cases, or even to the courts, that have ranged themselves upon one side or the other. The reader who desires to learn the precise view that is taken by the different state and federal courts upon either or both sides of the question can do so by referring to the following text-books namely: Selover on Neg. Insts. (2d Ed.) pp. 217-221; Ogden, Neg. Insts. §128, p. 114 et seq.; Crawford's Ann. Neg. Insts. L. (3d Ed.) 39-41; Brannan's Neg. Insts. L. (2d Ed.) 32-35. See, also 7, Cyc. 932, where the cases for and against the proposition are collated.

In view that the question is novel in

this jurisdiction, and because of its importance, we shall briefly refer to the latest cases in which the negotiable instruments law is construed and applied to the question now under consideration. The parts of the negotiable instruments law that are directly involved are found in Comp. Laws 1907, in the following sections:

"Sec. 1577. Value is any consideration sufficient to support a simple contract. An antecedent or pre-existing debt constitutes value and is deemed such whether the instrument is payable on demand or at a future time.

"Sec. 1578. Where value has at any time been given for the instrument, the holder is deemed a holder for value in respect to all parties who became such prior to that time.

"Sec. 1579. Where the holder has a lien on the instrument, arising either from contract or by implication of law, he is deemed a holder for value to the extent of his lien."

Respondents' counsel contends that section 1606 of that compilation should also be considered in connection with the foregoing sections. That section reads as follows: "When the transferee receives notice of any infirmity in the instrument or defect in the title of the person negotiating the same before he has paid the full amount agreed to be paid therefor, he will be deemed a holder in due course only to the extent of the amount theretofore paid by him." The first three sections referred to above have in the following recent decisions been construed and applied.

In *Brooks vs. Sullivan*, 129 N. C. 190, decided in 1901, the Supreme Court of North Carolina assumes without comment that the first three sections of the negotiable instruments law above quoted required the court to hold that the transfer of a negotiable instrument before due in due course of business and without notice as collateral security for a pre-existing debt constitutes the transferee a holder for value, and as such is protected the same as any innocent purchaser for value before

maturity and without notice of equities or infirmities would be. The Supreme Court of North Carolina prior to this decision had held to the contrary doctrine.

Graham vs. Smith 155 Mich. 65, decided in 1908, takes precisely the same view that is taken by the Supreme Court of North Carolina. The Michigan court also changed its holdings, as it is said, to harmonize them with the negotiable instruments law.

Payne vs. Zell, 98 Va. 297, decided in 1900, in construing the provisions of the negotiable instruments law referred to, holds the same doctrine laid down in the foregoing two cases.

Voss v. Chamberlain, 139 Iowa, 573, 574, decided in 1908, adopts the rule laid down in the foregoing three cases. In the Iowa case there was perhaps some additional consideration which would have been held sufficient under the minority rule, but the court places the decision upon both grounds; that is, upon the new instruments law and also upon the additional consideration if indeed there was such. It is assumed by the Iowa court without discussion that the negotiable instruments law makes a holder under the facts and circumstances we have set forth above a holder for value, and as such is protected against prior equities of which he had no notice.

The case of *Commercial Bank vs. State Bank* 132 Iowa, 706, which, in some respects, may be said to differ from the doctrine laid down in the *Voss* case, is not referred to in the later case. In a later case still, however, namely, *Iowa National Bank vs. Custer*, 144 Iowa, 715, the *Voss* case is referred to, and it is assumed in the later case that the question was decided in accordance with the holdings referred to in North Carolina and Michigan.

In *Birket vs. Elward*, 68 Kan. 295, 1 Ann. Cas. 272, decided in 1904, the Supreme Court of Kansas squarely holds that an indorsee of a negotiable instrument taken as collateral security for a pre-existing debt without any

other or further consideration is a holder for value, and thus protected against all claim of payments made to the original holder of which the indorsee had no knowledge or notice. The Kansas court also places the ruling squarely upon the negotiable instruments law. The later case is reported in 1 Ann. Cas. 272, where, in a note, the cases for and against the question are collated.

In *re Hopper-Morgan Co.*, 154 Fed. 249, decided in 1907, the United States District Court for the Northern District of New York goes thoroughly over the precise question now under consideration. The particular sections of the negotiable instruments law in question here are there construed and applied, and it is squarely held that that law changed the existing rule in New York. In that case the later decisions of several of the Appellate Divisions of the Supreme Court of New York are reviewed, and it is pointed out that, while in two cases (*Brewster vs. Shrader*, 26 Misc. Rep. 480, and *Petrie vs. Miller*, 57 App. Div. 17) it is squarely held that the law upon the subject has been changed in New York, there are also three cases (*Sutherland vs. Mead*, 80 App. Div. 103, 80 N. Y. Supp. 504; *Roseman vs. Mahony*, 86 App. Div. 377, and *Harris vs. Fowler*, 59 Misc. Rep. 523) in which a contrary conclusion was reached. The intermediate courts of New York are therefore divided upon the question, and in view that the negotiable instruments law has never been passed on by the Court of Appeals, which is the court of last resort, the federal court in the decision just referred to construed that law and in effect held that under it, in the interest of uniformity, the courts were required to hold that in New York, as in all other jurisdictions where the law has been adopted, an indorsee of negotiable paper who without notice takes it as collateral security for a pre-existing debt without further consideration is a holder in due course for value.

In *Wilkins vs. Usher*, 123 Ky. 697-702, it is squarely held that the law in

Kentucky under the negotiable instruments law is now settled in conformity with the majority rule. To the same effect is *Campbell vs. Bank*, 137 Ky. 555.

An intelligent discussion is found in a note to *Exchange National Bank vs. Coe*, reported in 31 L. R. A. (N. S.) 287, where the cases are again reviewed on both sides.

We have referred only to such cases as had under consideration the precise question presented for decision here, and, so far as we have been able to discover, all the courts which have had occasion to construe the negotiable instruments law have held that regardless of what the law upon the subject may have been in those states, under the provisions of that law an indorsee of negotiable paper before due and without notice of existing equities or infirmities, although he receives it as collateral security for a pre-existing debt without any further consideration, is nevertheless a holder in due course for value. The question, therefore, it seems to us, has passed beyond the domain of judicial discussion. As we understand it, the negotiable instruments law was intended to give legislative sanction to the majority rule to which reference has been made and was conceived by its authors and adopted by the different State legislatures for the express purpose of harmonizing the conflicting decisions which had been rendered on the subject of negotiable instruments and the rights of those interested therein whose rights were acquired before maturity. As we view it, therefore, it is our plain duty to follow the numerous decisions that have directly passed upon the negotiable instruments law, and have construed it in accordance with the majority rule. The question is one of business expediency, and not of logic or equity as applied to an individual case.

Neither do we see how section 1606 has any bearing upon the question. That section was not intended to have, nor does it have, any bearing upon the

rights of an indorsee who receives negotiable paper before maturity in due course, and without notice of infirmities. All that section was intended to accomplish was to limit the indorsee's recovery to the amount he had advanced before obtaining notice of some infirmity in the paper. His relation to the paper was not intended to be, and is not, affected by such notice, but it merely affects the extent of his recovery. The section is in perfect harmony with the other sections, and is likewise in harmony with the rule that we are following in this case.

In view of what has been said, we are forced to the conclusion that the question submitted to us must be answered in the affirmative.

The judgment of the district court is therefore reversed, with directions to grant a new trial, appellant to recover costs.

CASHIER

PERSONAL DEBTS OF—CHECKS DRAWN FOR NEGOTIABLE INSTRUMENTS LAW.

Supreme Court of Missouri, Division No. 2,
June 1, 1912.

ST. CHARLES SAVINGS BANK VS. EDWARDS ET AL.

The cashier of a bank has no authority to draw checks or drafts in the name of the bank to pay his personal obligations.

Where a cashier delivers to brokers checks drawn by himself in the name of his bank in response to calls for margins on his personal account, the brokers have the burden of showing that the cashier was authorized to draw such checks or that the bank received full value for them.

The provisions of the Negotiable Instruments Law that to constitute notice of a defect in the title of a person negotiating the paper the holder must have had actual knowledge of the defect or must have acted in bad faith, is limited to a transferee of the paper and has no application to the payee.

A. F. MISPAGEL, who was the cashier of the St. Charles Savings Bank, was dealing in stocks and grain on open account with the firm of A. G. Edwards & Sons; and in response to calls for margins, Mispagel sent the brokers remittance, amounting in the aggregate to \$9,500, in the form of

checks drawn by himself in the name of his bank on its correspondent in St. Louis to the order of the brokers. The bank sued the brokers to recover the amount of such checks and recovered judgment. The brokers then appealed.

FERRIS, J.—(Omitting part of the opinion): Appellants contend that they are not liable because of the fact that they had no actual knowledge of wrongdoing on the part of Mispagel. It is not claimed by respondent that appellants had any notice of infirmity in the title of Mispagel to the checks, other than the constructive notice imparted by the checks themselves and the correspondence connected therewith, together with the fact that Mispagel was using the checks to pay his individual debts. Appellants earnestly contend that even if, under the earlier decisions, the face of the checks and attendant circumstances were sufficient to give such constructive notice as would invalidate their title, still, since the decision of this court in *Hamilton vs. Marks*, 63 Mo. 167, constructive notice is not enough to impair the title of a bona fide holder for value. They also rely on section 10,026 (R. S. 1909) of the Negotiable Instrument Law, which reads as follows:

"To constitute notice of an infirmity in the instrument or defect in the title of the person negotiating the same, the person to whom it is negotiated must have had actual knowledge of the infirmity or defect, or knowledge of such facts that his action in taking the instrument amounted to bad faith."

We think appellants misconceive the situation in this regard. The "holder" referred to in *Hamilton vs. Marks* and in section 10,026 is an indorsee—one to whom the paper has been negotiated by indorsement by the payee or a prior indorser. True, the checks were negotiable, but, when they were delivered to Edwards & Sons, they had not been negotiated. Edwards & Sons were original parties to the paper. They were payees therein. All of the cases cited on this point by appellants in the two briefs filed involve the rights of an

indorsee—a holder for value after the paper leaves the hands of the payee. While the paper is still in the hands of the original payee, the "courier" has not started on its career without luggage.

In *Lamson vs. Beard*, 94 Fed. loc. cit. 43, the court, speaking of a similar situation, says:

"The drafts were drawn in favor of plaintiffs in error, and until accepted by them they were not contracts, and by accepting them they did not become assignees or purchasers of existing obligations, but simply parties to the original execution thereof, into whose rights the way to full inquiry is open, unless closed by some estoppel outside of the paper itself, whatever its form. A primary party to the execution of instruments originated as these were cannot be a 'bona fide purchaser' in the sense of the law merchant."

Denying then, as we must, any immunity to appellants based on the negotiable character of the paper, we will examine their position in the light of general principles and authority.

It is hardly necessary to say that an agent cannot act both for his principal and himself in a transaction wherein their interests are antagonistic. Such action by the agent is not within the scope of his general authority, and this is known to those who deal with him. Such action by the agent could be validated only by an express authority from his principal, and the burden is upon the agent and upon those who profit by his act, with knowledge of the antagonistic relation, to show such express authority. Mispagel, the cashier, had authority to draw checks in the name of the bank in the course of the bank's business, but no authority is shown, nor is any to be implied, to draw checks in the name of the bank for his private use and benefit.

True, in this case the checks were not payable to him, and did not show on their face that they were drawn for his use, and doubtless an innocent indorsee for value could collect from the bank, but the checks were drawn for his use,

and of this fact the appellants had actual knowledge. With this knowledge they accepted the checks in payment of his individual debt. They did this at their peril, taking the risk of his authority to so draw and use the checks of his principal.

* * * * *

The appellants urge that they had a right to presume that Mispagel paid the bank for the checks, and that he acted honestly. The case is not to be settled by presumptions. The primary question which arose upon the face of the transaction was: Did the cashier have authority to execute in the name of the bank drafts or checks in payment of his individual debts? True, if he had paid value to the bank for the checks, plaintiff would not have been injured, and hence could not have recovered; but this contract made by the trustee in the name, and on behalf, of his principal, for his own benefit, was, in the hands of the appellants who accepted it with knowledge of such fact, prima facie invalid as against the principal.

The burden was therefore upon them to show that these special contracts were authorized, or that the bank had received full value.

OVERDRAFT

DIFFERENT ACCOUNTS—AUTHORITY OF AGENT.

Supreme Court of South Carolina, September 11, 1912.

HILLER VS. BANK OF COLUMBIA.

Where a depositor who has two accounts authorizes an agent to draw upon one of them, the bank may not charge against the other account checks drawn by such agent.

But where both accounts belong to the depositor in his own right an overdraft arising upon one of the accounts as the result of checks drawn by the depositor himself may be made good out of the other.

The right of a depositor to demand payment of his balance is subject to the right of the bank to set off against it any debt due by the depositor to the bank.

This right of set off exists though the

payments were made without the depositor's authority, if he afterwards ratifies them by adopting them for his own benefit.

THIS action was brought to recover the amount of a deposit. All the money deposited by the plaintiff belonged to her individually; but she chose, for convenience, to keep two accounts, one in her individual name and the other in the name of "Nannie E. Hiller, Adm'x," although she was not administratrix. The latter account was used in the conduct of a mercantile business, owned by the plaintiff and conducted by her and her brother-in-law, John Hiller. On this account John Hiller was authorized to check, signing the checks "Nannie E. Hiller, Adm'x." Both John Hiller and the plaintiff issued checks against this account, which were paid and charged against it, until several checks were presented which would have overdrawn the account. Instead of refusing payment, the bank, by the direction of John Hiller, charged this overdraft to the account kept in the name of Nannie E. Hiller. No evidence was offered that John Hiller was authorized to use or control the latter account. In this state of the evidence, the circuit judge directed a verdict in favor of the plaintiff for \$158.54, the balance of the Nannie E. Hiller account after deducting a check for \$55.20, which the plaintiff admitted she had signed without the suffix "Adm'x."

Woods, J. (Omitting part of the opinion): The court refused to allow the defendant to prove that the checks, which went to make up the overdraft transferred or charged to the Nannie E. Hiller account, were signed by the plaintiff herself. There is no escape from the conclusion that this was error. When Mrs. Hiller made two accounts with the bank, under an agreement that John Hiller should have the right to draw, as her agent, on one of them, the bank had no right to charge checks drawn by John Hiller to the other account. Mrs. Hiller had the right to hold the funds deposited on the other account subject to her own control; and

that right could not be defeated by the unauthorized action of John Hiller and the bank. This right of a depositor to separate and control his accounts is established in this state. *Fogarties & Stillman vs. State Bank*, 12 Rich. 518; *Simmons vs. Bank*, 41 S. C. 177; *Callaham vs. Bank*, 69 S. C. 374; *Bank vs. Mahon*, 78 S. C. 408.

But when a depositor having two accounts in his own right, kept separate merely for his own convenience, draws on one of them beyond the amount to his credit, without any arrangement with the bank that he should do so, the bank is justified in the inference that he intends the check to be protected by the other account. Certainly it would be most unreasonable that the bank should be required, under such conditions, to pay to the depositor the credit on one account without deducting the debit on the other. There is nothing in the cases above cited opposed to this view. Under this principle the defendant had a right to prove that the plaintiff herself issued the checks signed "Nannie E. Hiller, Adm'x," which made up the overdraft on that account charged to the account of Nannie E. Hiller, or that such checks were issued by her authority when she knew of the overdraft. For the error of the circuit court in excluding evidence on this point, there must be a new trial.

To avoid misunderstanding we refer to another point not properly made by the appeal. When the depositor has not assigned his demand against the bank by check or otherwise, the right of the depositor to demand his balance is subject to the right of the bank to set off against the balance any debt due by him to the bank; and this right of the bank extends to a demand of the bank for money paid out on the depositor's debts without his authority, if the depositor subsequently ratifies the payment by adopting it for his own benefit. *Lowrance vs. Robertson*, 10 S. C. 8; 27 Cyc. 838; *Crumlish's Adm'r vs. Central Imp. Co. et al.*, 38 W. Va. 390, 18 S. E. 456, 23 L. R. A. 120

(note), 45 Am. St. Rep. 872. But the burden would be on the bank of properly pleading and proving such a defense.

QUALIFIED INDORSEMENT

WHAT IS—EFFECT OF—SUITS.

Supreme Court of Michigan, October 1, 1912.

SCHMIDT VS. PEGG.

Where an indorser writes over his signature the words "without recourse and without warranty of any character," the indorsement is a qualified indorsement within the meaning of the Negotiable Instruments Law.

The person to whom a note is so indorsed may sue thereon in his own name.

THIS was an action upon a promissory note made to the order of the International Harvester Company of America and indorsed to the plaintiff as follows: "Without recourse and without warranty of any character pay to the order of Theodore Schmidt. International Harvester Company of America, by B. H. Fallen, General Agent." The court below held that the indorsee had no right to bring suit in his own name.

McALVAY, J. (Omitting part of the opinion): The construction of sections 40 and 53 of the "Negotiable Instruments Law" is involved in the consideration of the contention that the case of *Gale vs. Mathew*, *supra*, is conclusive in this case. Taking up the consideration of section 40 of that law, being Act No. 265 of the Public Acts of 1905, we find its terms to be as follows: "A qualified indorsement constitutes the indorser a mere assignor of the title to the instrument. It may be made by adding to the indorser's signature the words 'without recourse' or any other words of similar import. Such an instrument (indorsement) does not impair the negotiable character of the instrument." By this section the legislature has defined a "qualified indorsement," and restricted such definition by the words: "It may be made by adding to the indorser's signature the words 'without recourse' or any other

words of similar import." In the instant case the indorsement upon each of these notes to be considered is as follows: "Without recourse and without warranty of any character." Such indorsement is within the definition of a qualified indorsement specified in said section 40. The words, "without recourse," are the exact words of the statute, and the clause "and without warranty of any character" is clearly included in the phrase "words of similar import." By the terms of section 40 "such qualified indorsement does not impair the negotiable character of the instrument." The provisions of section 53 of this law are as follows:

"The holder of a negotiable instrument may sue thereon in his own name, and payment to him in due course discharges the instrument." The provisions of these sections are not inconsistent with each other, and in our opinion section 53 simply provides that the holder of a negotiable note, indorsed to him with a qualified indorsement, as defined in section 40, may bring suit thereon in his own name. The learned circuit judge was in error in holding that in the case of *Gale vs. Mathew*, *supra*, this court held to the contrary. In that case the indorsement under consideration was in the following words: "I hereby assign my interest in this note to —." It was contended in that case that such an indorsement was within the provisions of section 40 of the Negotiable Instruments Law. This court, in terms, in that opinion, in deciding that section 40 did not apply, said: "It cannot be said that the words used in the case we are considering were equivalent to an indorsement without recourse." In that case, as in the instant case, the note in question was a negotiable note, but the court held that the indorsement was not a qualified "indorsement" provided by section 40, and that in case of an indorsement of the character of the one then under consideration the rule of law established by this court that suit upon such a note must be brought in the name of the assignor was applicable. The

distinction between the case of *Gale vs. Mathew*, supra, and the instant case, is made by the character of the indorsement put upon the note by the assignor. In both cases the indorser is a mere assignor of the title. In the former case such an indorsement was not the "qualified indorsement" defined by section 40. In the instant case it was such a "qualified indorsement" and therefore, under section 53, the suit was properly brought in the name of the plaintiff.

For the reasons stated, the judgment of the circuit court will be reversed, and a new trial ordered.

COLLECTIONS

DEFAULT OF CORRESPONDENT—SPECIAL AGREEMENT—EFFECT OF.

Supreme Court of South Carolina, September 18, 1912.

HARTER VS. BANK OF BRUNSON.

A bank receiving a draft or bill of exchange for collection is liable for neglect of duty occurring in its collection, whether arising from the default of its own officers or from that of its correspondent, or an agent employed by such correspondent, in the absence of any express or implied contract varying such liability.

A depositor listed his items of deposit on a deposit slip upon which were printed the words: "For value received, we, the undersigned, hereby agree in depositing the items listed below for collection or credit * * * that we will not hold the bank liable to us for said items until the cash for each has been paid to the bank":

Held, that this stipulation did not exempt the bank from liability for its negligence, or that of its agents, nor constitute a waiver of the rights of the depositor with regard to presentment demand and notice of dishonor.

J. W. SULLIVAN of Fairfax, S. C., made and delivered to plaintiff his draft for \$200 on W. F. Cummings of Hampton, S. C. Plaintiff indorsed the draft and deposited it with defendant, and the amount was placed to his credit in his account with defendant. It was listed, with other items, on a blank form of deposit slip which was filled up and signed by plaintiff, and

upon which, over plaintiff's signature, there was printed the following stipulation: "For value received, we the undersigned hereby agree in depositing the items listed below for collection or credit with the Bank of Brunson, Brunson, S. C., that we will not hold the bank liable to us for said items until the cash for each has been paid to the Bank of Brunson, Brunson, S. C."

Defendant promptly forwarded the draft to the Bank of Charleston, its regular correspondent for the collection of items outside of Brunson. In some way the draft was lost. The court below found that the defendant was guilty of negligence in failing to find out sooner from its correspondent whether the draft had been received and collected, and in failing sooner to notify plaintiff of its dishonor; also, that plaintiff was injured by the delay in giving him the notice, because the drawer was solvent, when the draft was made, and, if timely notice had been given plaintiff, he could have recovered the amount from him, but that he was insolvent when the notice was given. Accordingly, judgment was given against defendant.

HYDRICK, J. (Omitting part of the opinion): The principal question of law involved was settled against appellant, and in accord with the decision of the circuit court, in *Bank vs. Cooper*, 91 S. C. 91, where the court said: "In 1884, the Supreme Court of the United States adopted the English rule that a bank receiving a draft or bill of exchange for collection is liable for neglect of duty occurring in its collection, whether arising from the default of its own officers, or from that of its correspondent, or an agent employed by such correspondent, in the absence of any express or implied contract varying such liability. *Exchange Nat. Bank vs. Third Nat. Bank*, 112 U. S. 276. * * * We adopt this rule as the just one, because it is in accord with the common understanding of bank and customer in their dealings. In depositing his paper the customer ordinarily surrenders all control of it, and has nothing to do

with the means taken by the bank to collect. On the other hand, the bank undertakes the collection for its own profit, takes its own methods and selects its own agents. It seems therefore illogical to regard the collecting bank or any of the intermediate banks as agents of the depositor, or to put upon him loss due to their default."

Whatever else may be the legal effect of the stipulation printed on the deposit slip, it does not purport to exempt the bank from liability for its negligence, or that of its agents; and it should not have that effect; nor can it be construed as a waiver of the rights of a depositor of commercial paper, under the law merchant, with regard to presentment, demand and notice of dishonor. It does, however, afford evidence of an agreement that the paper so deposited was not absolutely sold to the bank, and that the credit given a customer on the deposit of such an item is not absolute, but contingent upon its collection; and therefore, if it proves to be uncollectable, notwithstanding the exercise of due and ordinary care and diligence on the part of the bank, such credit is subject to a counter charge, and the bank shall not be held liable for the failure to collect.

GUARANTY BY BANK

FOR ACCOMMODATION—INVALIDITY OF.

Supreme Court of Florida, July 5, 1912.

COTTONDALE STATE BANK VS. OSKAMP NOLTING COMPANY.

An incorporated bank has no power to guarantee the payment of a debt of a third person solely for his benefit.

An accommodation guaranty executed by the cashier of a bank is wholly void.

THIS action was brought upon a contract in the following form:

"For and in consideration of \$1.00, to me in hand paid by the Oskamp Nolting Company, a firm doing business in the city of Cincinnati, State of Ohio, the receipt of which are here-

by acknowledged, I hereby guarantee unto them, the said Oskamp Nolting Company, unconditionally and at all times for five months from date any indebtedness of W. R. Young, doing business at Youngstown, the State of Florida, to the extent of, and not to exceed, the sum of \$150.00 for any goods, wares and merchandise that the said Young has heretofore purchased or may hereafter purchase or receive from the said Oskamp Nolting Company. This guarantee is to be an open one, and to continue one and at all times to the amount of \$150.00, until revoked by me in writing.

"In witness whereof, I have hereunto set my hand this 21st day of August, 1909.

"C. J. Williams.

"Cottondale State Bank,

"Per Arthur Williams, Cashier."

The bank pleaded (1) that it did not contract as alleged; (2) that the alleged contract was not its contract.

TAYLOR, J. (Omitting part of the opinion): The court below erred in admitting in evidence over the defendant's objections the written guaranty purporting to bind the defendant bank to pay the debt of a third party. There is no provision in either our State banking laws or in the federal bank laws that either expressly or by implication empowers such banks to guarantee the payment of a debt of a third party, solely for his benefit, and any such agreement when attempted by them is ultra vires and void, and is not binding upon such bank when made by its cashier, since such cashier is not authorized by an agreement that is ultra vires as to such bank to bind such bank. *Bowen vs. Needles Nat. Bank* (C. C.) 87 Fed. 430.

A bank is authorized to lend its money, but not its credit. *Johnston Bros. & Co. vs. Charlottesville Nat. Bank*, 3 Hughes, 657, Fed. Cas. No. 7,425; *National Bank of Commerce vs. Atkinson* (C. C.) 55 Fed. 465; *Commercial Nat. Bank vs. Pirie*, 82 Fed. 799, 27 C. C. A. 171; *Norton vs. Derry*

Nat. Bank, 61 N. H. 589; 1 Morse on Banks and Banking, § 65.

The defendant bank is not bound by the instrument offered and admitted in evidence, and the plaintiffs cannot recover thereon against said bank, and such instrument should have been excluded from evidence when offered and objected to.

NATIONAL BANKS

PURCHASE OF ITS OWN STOCK—TITLE OF PURCHASER FROM BANK.

United States Circuit Court of Appeals, First Circuit, May 22, 1912.

BARRON VS. MCKINNON.

Though a national bank is forbidden to make loans upon the security of its own stock, yet where a bank having done so has been compelled to take title to the stock so held as collateral, it can convey a good title to a purchaser.

THIS action was brought by the receiver of the National Bank of North America to recover the balance due upon a promissory note for \$7000, which was given to the bank in payment for certain shares of its own stock which it had purchased and afterwards sold to the defendant.

COLT, Circuit Judge (Omitting part of the opinion): This case presents the question whether on October 26, 1906, when the bank completed the purchase of this stock, the title passed to the bank or still remained in Morse; or to state the question in another way, whether the bank, having purchased this stock under an ultra vires contract, could convey a good title to the defendant before the repudiation of the contract by either party, or while it was treated by both parties as a valid and existing contract. Section 5201 provides that: "No association shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss

upon a debt previously contracted in good faith."

Several cases have arisen under this section where national banks have loaned money on their own shares of stock or purchased such shares, in violation of this section of the statute. In these cases the court has held, as in the cases relating to real estate, that the bank's title to stock, obtained under these ultra vires transactions, is not void, but only voidable, and hence that the bank can convey a good title to a purchaser. (*National Bank of Zenia vs. Stewart*, 107 U. S. 676, 677, 2 Sup. Ct. 778, 27 L. Ed. 592; *Lantry vs. Wallace*, 182 U. S. 536, 551, 552, 553, 21 Sup. Ct. 878, 45 L. ED. 1218.)

(The court then examined a number of cases on the subject of ultra vires.)

The whole doctrine of ultra vires is based upon the principle that the court will not aid in the enforcement of an illegal act. At the same time, in the case of an executed ultra vires contract the court will treat the disposition of the property received under the contract as lawful until it is repudiated.

Applying these principles to the case at bar, the bank manifestly acquired a good title to this stock and could convey a good title to the defendant. The bank possessed all the powers over this stock conferred by its contract of purchase until the repudiation of the contract. If the terms of the contract had been such that Morse could have brought suit for the purchase price, and the bank had set up the defense of ultra vires, then the bank, on the doctrine of an implied contract, would have been obliged to return to Morse the stock which it still held or the value of the stock which it had sold.

In no case which has been brought to our attention has the court in the case of an executed ultra vires contract relating to the sale of property ever questioned the right of the party to whom the property was conveyed to dispose of it, while both parties were acting under the contract, or questioned the title of a third party to whom the

property was so conveyed. On the contrary, as we have seen, the courts recognize the acts of parties under an executed ultra vires contract as legal until its repudiation. In other words,

a vendee of property acquired under such a contract can convey a good title to a third party at any time during the existence of the contract or until it has been repudiated.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

STOPPING PAYMENT—EFFECT OF —LAPSE OF TIME

RIVERSIDE, CAL., OCT. 11, 1912.

Editor Bankers Magazine:

SIR: The matter of handling "Stop Payment" notice has bothered us for some time. We frequently have notices which we are compelled to carry for many months. Is there no law which relieves us of the responsibility in this matter? I cannot remember seeing anything on this subject in your valuable publication.

STANLEY J. CASTLEMAN, *Cashier.*

Answer: This is often a very troublesome matter. But there appears to be no escape from it. A bank may pay out the funds of a depositor only in accordance with his orders, and where he has given notice to the bank that an order is revoked—which is the legal effect of stopping payment—such order is no longer an authority to the bank to make payment; and the authority being once terminated, it is not revived by any lapse of time, no matter how great.

LOANS — AGREEMENT FOR PREFERENCE—LIENS—BANKRUPTCY OF BORROWER

NEW YORK, NOV. 6, 1912.

Editor Bankers Magazine:

SIR: It has been brought to my attention that in certain cases merchants and manufacturers having a borrowing account at banks have had an agreement with the banks whereby the latter were made preferred creditors. I suppose the effect of this plan would be, if generally adopted, to enable banks to loan at a somewhat lower rate of interest. I should be glad if you would advise me whether a preference of this kind would be legal or not. I assume, of course, that all preferences are given while the borrower is still solvent.

CASHIER.

Answer: Any agreement by which a bank should be deemed a preferred creditor would be wholly void, for one of the principal objects of the Bankruptcy Act is to prevent preferences, and secure a ratable distribution of the debtor's assets among his creditors. But when a man is solvent, he may create a lien upon his assets for advances then made, and when the arrangement is such as to give the bank a first lien upon the property of the borrower, it would be entitled to priority of payment. It is some such arrangement as this no doubt which our correspondent has in mind.

LOAN—BANK LENDING ON ITS OWN STOCK

ATLANTA, GA., NOV. 11, 1912.

Editor Bankers Magazine:

SIR: Referring to your reply to my inquiry in the November issue of your magazine, I fear that I did not make myself clear in my question. In our State the bank has no lien upon the stock and no such provision is incorporated in the stock certificate. Would this fact make any difference in answer to my question. In the case that I mention the stock was specifically pledged in a collateral note.

W. B. WILLIAMSON, *Cashier.*

Answer: In *Bank vs. Stewart* (107 U. S. 676) the bank had taken, as security for a debt due from a stockholder, thirty shares of its own stock and, upon default in payment, *had sold the same and applied the proceeds in payment of the debt.* The action was brought to recover back the proceeds of sale, upon the ground that the bank had no right to take the security. The

right to recover was denied, upon the ground that "the contract had been executed, the security sold and the proceeds applied to the payment of the debt," and that "both bank and borrower are in such case equally the objects of legal censure and they will be left by the courts where they have placed themselves." By suing for the proceeds of sale, it was observed, the plaintiffs had affirmed the sale and the moneys loaned were an offset to the proceeds. But what the legal position would be where the bank, having received certificates for its own stock as collateral, still has them in its possession, is not clear, and does not appear to have been decided in any reported case. But as the bank may not acquire a lien upon its own stock, it is difficult to see how it could retain the certificates as against the stockholder or some one claiming under him. If the stockholder should demand the certificates, and upon the refusal of the bank to comply with this demand should bring an action to recover the possession, the bank, in order to maintain its own right to the possession, would have to set up the facts respecting the pledge; but as it is forbidden to lend upon the security of the stock, the court would have to

find that it had no lien, and there being no other ground upon which it could retain the possession judgment would have to be in favor of the stockholder.

STOPPING PAYMENT — DUTY OF BANK — OTHER CHECK HOLDERS

VINTON, IOWA, NOV. 11, 1912.

Editor Bankers Magazine:

SIR: A gives check to B, having sufficient funds on deposit to meet it. Before B presents it at the bank for payment, A notifies the bank not to pay it, or stops payment. Payment was then refused by the bank and later checks of the drawer in favor of other persons were honored to the extent of his deposit. Drawee of original check sues the bank thereon. Can he recover?

GEORGE D. McELROY,
Assistant Cashier.

Answer: No. The Negotiable Instruments Law provides that the bank on which a check is drawn "is not liable to the holder unless and until it accepts or certifies the check" (Sec. 189 Iowa Acts), and so far as uncertified or unaccepted checks are concerned, the bank owes no duty to the holder, but to its customer alone, and it must follow his directions in regard thereto.

BANKING AT SYRACUSE, N. Y.

ONE of the most prosperous interior cities of the State of New York is Syracuse, which has a population approximating 150,000, numerous important industries, varied in their character, a large university, and numerous strong banks officered by men of ability, energy and rare courtesy. The streets of the city are broad and clean, the business houses commodious and solid, while the lighting of the main thoroughfares is probably superior to that of any city in the country.

While all the banks are well housed, the Onondaga County Savings Bank,

of which Mr. William H. Kniffin, Jr., is treasurer, is especially so, and it is also one of the very large savings banks in the State outside New York city. A very imposing building is now being constructed for the Syracuse Trust Company, while the Trust and Deposit Company and the State Bank are improving their quarters. The Merchants National Bank has lately remodeled its banking rooms, which are now equipped in the most modern style. The First National Bank is located in the Onondaga County Savings Bank Building and the Commercial National

in the University Block. C. W. Snow, president of the First National, and Anthony Lamb, cashier of the Commercial National, are two of the city's well-informed and progressive bankers, while the Trust and Deposit Company has for its president Hon. Francis Hendricks, former Collector of the Port of New York, and one of the best-known men in the political circles of the State. At this same bank, Lucius M. Kinne, the assistant secretary, is an excellent example of the personal element as a part of successful bank advertising.

stitutions are \$85,271,145.97, divided into \$25,871,966.21 for the banks of discount, \$18,384,415.86 for the trust companies, and \$41,014,763.90 for the savings banks.

The total surplus of these banks amounts to \$7,352,608.19, an increase of \$1,025,429.83 in two years. In the same period the deposits have increased \$6,609,847.61, the total deposits now being \$73,801,902.41. The surplus of the banks of discount increased \$551,065.01, of the trust companies \$76,389.96, and of the savings banks \$397,874.86, while the deposits in the banks of discount increased \$3,883,751.82, in the trust companies \$1,988,342.93, and in the savings banks \$737,752.86.

The capital, surplus and deposits of the banks of discount and the trust companies are shown:

	Capital	Surplus	Deposits
City Bank	\$200,000	\$56,602.83	\$1,665,401.87
Commercial National Bank	500,000	330,299.46	2,647,464.47
First National Bank	250,000	926,147.45	5,625,278.02
Merchants National Bank	180,000	329,524.71	1,493,198.97
National Bank of Syracuse	600,000	371,082.28	3,272,511.54
Salt Springs National Bank.....	200,000	117,665.25	1,243,361.41
State Bank of Syracuse	100,000	480,965.58	1,683,131.00
Third National Bank	300,000	226,615.12	1,938,333.88
Totals	\$2,330,000	\$2,838,902.68	\$19,568,681.16
Syracuse Trust Company	\$300,000	\$550,411.03	\$4,481,903.02
Trust and Deposit Company.....	100,000	801,273.36	11,897,875.45
Totals	\$400,000	\$1,351,684.39	\$16,379,778.47

The resources, surplus and deposits of the savings banks follow:

	Resources	Surplus	Deposits
Onondaga County	\$25,950,528.12	\$1,442,570.69	\$24,507,957.43
Syracuse	15,064,235.78	1,719,450.43	13,344,785.35
Totals	\$41,014,763.90	\$3,162,021.12	\$37,852,742.78

The bankers of Syracuse are considering the propriety of becoming a reserve city under the National banking act, and while opinion on the subject is not unanimous, there is a strong feeling that such a step would greatly add to the city's banking importance.

From the "Year-Book of the Syracuse Chamber of Commerce, 1912-1913," THE BANKERS MAGAZINE has obtained the accompanying figures about the city's banks:

Syracuse's excellent banking equipment consists of eight banks of discount, two trust companies and two savings banks.

The total resources of these banking in-

Bank clearings and balances for the years named were as stated in the table presented herewith:

Year	*Clearings	†Balances
1901	\$54,171,005.96	\$12,087,117.92
1902	66,696,441.96	12,907,910.04
1903	67,079,077.86	12,027,653.10
1904	64,910,868.00	12,461,341.00
1905	76,844,169.47	16,448,717.05
1906	87,969,713.61	19,153,311.40
1907	110,225,487.74	22,339,926.07
1908	102,893,851.69	19,752,279.96
1909	109,388,111.78	22,507,050.65
1910	120,125,780.64	23,444,688.24
1911	125,200,960.49	26,194,082.34

*Increase in ten years, 131 per cent. †Increase in ten years, 116 per cent.

INVESTMENTS

Conducted by Franklin Escher

THE COPPER METAL SITUATION

By J Chester Hutchinson, of Wiggin & Elwell

USUALLY about 50 per cent. of the copper refined in this country is sold in Europe, making the industry largely dependent upon the quantity consumed abroad. Should this materially decrease for any great period it would be indicated by a corresponding decline in our exports or an increase in the reported foreign visible supply or both. At present these factors are being observed very carefully, particularly as the consumption and purchasing power of Europe may be seriously affected by war rumors and a temporary decline in general business. A few facts, therefore, concerning the important copper centers abroad, together with conditions in this country may be interesting.

An indication of the interest in copper on the continent is reflected in the work necessary to complete the compilations concerning the world's copper industry published each year by the Metallgesellschaft, Henry R. Merton & Co., Aron Hirsch & Sohn, and other metal brokers on the Continent. Perhaps these are of more interest to metal brokers, producers, refiners or those closely connected with the indus-

try than anyone else, and so are not generally read. The general public is more interested in the figures published in London, twice a month, as they are up to date and deal with present conditions. These figures make up the so-called foreign visible supply and compilations include the copper in England, France, Germany and Holland, although figures are given for the receipts of copper from North America, at other European ports; the copper shipped from Chili to Europe and the shipments from Australia to Europe. No consideration is ever given in the world's visible supply to copper on the water, from the United States to foreign ports, although this usually averages about 25,000,000 pounds.

Total exports from the United States have increased from 160,900 metric tons in 1902 to 350,800 tons in 1911. During this period Germany has taken about one-half the amount shipped each year and last year 87 per cent. of their imports originated in this country. The balance of our exports go to England, France, Austria-Hungary and Italy, with small shipments to Belgium, Russia and other parts of the

	Imports of copper from America into Europe Long tons	Electrolytic copper in New York Average prices	European consumption Long tons
1901	94,670	16.77	292,100
1902	168,114	11.62	341,900
1903	135,410	13.23	330,300
1904	241,026	12.82	402,900
1905	194,915	15.59	370,200
1906	199,884	19.27	404,800
1907	224,111	20.	411,600
1908	294,844	13.20	480,500
1909	293,745	12.98	452,600
1910	296,378	12.73	541,100
1911	307,134	12.37	606,300
*1912	332,481	15.34	.....

*12 months to Sept. 30th.

world. The history of European consumption is a peculiar one and the importations of American copper (American copper is mentioned because it represents more than 50 per cent. of the production of the world and necessarily stands pre-eminent in the market) into Europe have not come about in a regular way, but have increased tremendously in periods of depression or low prices for copper as is shown by the accompanying figures.

If any deduction can be made from these figures it would seem to be that European consumption, or the absorptive power of the European market, has increased in direct proportion with the decrease in price. The periods of increasing consumption usually follow or coincide with the depressions in this country, as in 1902, 1904 and 1908. The year 1902 was one of a depression merely in copper and not a general depression and was in consequence of the break in Amalgamated. The effects of the rich man's panic in 1903 were not shown in European consumption until 1904 and those of the 1907 panic not until 1908.

This would indicate that the present price of copper, 17¾ cents a pound, is likely to prevent any great increase in foreign consumption, in which case an appreciable increase in production would be likely to cause lower prices. It will be later explained that this condition is highly possible during the next six months.

GERMANY.

Germany commands a great deal of attention at present as it is the largest consuming country in the world, next to the United States, and with the exception of the latter, it is the only one which has increased its consumption 100,000 tons in the past ten years. Germany is making greater commercial progress than any other country, excepting the United States, in the consumption of all metals, but particularly copper. Her metallurgical discoveries and advancements are noted, and we are indebted to her for many of

our alloys and economical methods of treating copper in its stages of development for commercial uses. Last year European consumption increased 50,000 tons, Germany alone taking 25,000 tons, while England was responsible for 13,000 tons. Germany consumes about one-half as much copper as does the United States, but no material increase in its production is ever expected. It is a great distributing center for manufactured copper and exports, principally copper wire, cables and fine goods made of copper alloys.

ENGLAND.

England, fifty years ago, was the home of the most important metal smelting and consuming industries in the world, and is now prominent because of its large copper warehouses which usually hold over one-half of the foreign visible supply. The London Metal Exchange still remains the world's center for speculative dealings in copper, notwithstanding that considerable changes in the relative importance of the various spheres of metal production and markets have been brought about by new sources of production and aggressive business policies of other countries. Although England is not progressive in point of consumption, as is shown by the fact that last year only 39,400 tons more of copper were consumed than in 1902, it is the great distributing center for manufactured copper articles and sells to nearly every country in the world, excelling United States in this respect.

FRANCE AND AUSTRO-HUNGARY.

France in the development of its copper industries has made only fair progress, its consumption having increased from 53,000 tons in 1902 to 95,000 tons last year. Its part in the foreign visible supply has never been important. Havre is its principal importing point and through the recent establishment of the Havre Metal Exchange direct trades with the United States have been made possible. Previ-



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ous to the formation of this exchange the business was placed through London. Now, a saving of approximately 50 cents a ton in commissions may be made.

Austria-Hungary is a small consumer, carries very small stocks in copper, and imports practically all copper used. It is a competitor of Germany in fine goods made of copper alloys.

OTHER COUNTRIES.

Russia occupies a unique position in the copper world, in that its imports have declined from 17,500 tons in 1902 to 7,800 tons in 1911, while production has increased from 8,800 tons in 1902 to 25,600 tons in 1911. These conditions are the result of a high protective duty of about 50 per cent of the value of the copper imported. A further increase this year and in the years to come is expected, as the producers in Russia have largely increased the capacity of their works. At present production of electrolytic copper is said to be fully equal to supply the Russian demand.

In Asia, Japan alone may be mentioned as a producer of copper and only 55,000 tons were produced in 1911. Domestic consumption uses more than half of this and the balance is shipped to China, United States and Europe.

Australia produces about 40,000 tons of copper, practically all of which goes to Europe and is reported in the foreign visible supply.

Africa's output of raw copper last

year amounted to practically nothing, although the output of copper ore, which is refined in Europe, was about 17,000 tons. No great increase is likely for several years on account of inadequate transportation and smelting facilities.

COPPER PRODUCERS' ASSOCIATION.

Before taking up the outlook for copper it may not be out of place to explain the features of the report of the Copper Producers' Association in the United States, an organization which, in the writer's opinion, has done more toward establishing the exact position of copper than anything else. Since its organization various discrepancies in figures have occurred, but the producers' have invariably been correct, notwithstanding many strong arguments to the contrary. The members of the Copper Producers' Association represent all the large electrolytic refineries and Lake Superior smelting works in the United States, and their report, issued usually on the eighth of each month, covering production, deliveries and copper on hand, is made up from reports supplied by these companies and not by the original mining companies who produced the copper. In this way it is impossible to cover the same copper twice, although it is possible that the production of some small companies may not be included in these returns. The figures cover all refined copper secured from imported ore, or blister copper, as

well as domestic production. The production, as reported by the association, applies solely to copper in condition ready for consumption, and represents, therefore, only the output of refining plants plus the comparatively small smelter output of pig copper that is marketed directly to consumers in that form.

Deliveries represent the quantity of copper in commercial form consigned to a purchaser and actually started on its way, or, at least, loaded on board. In other words, so long as the destination of the copper can be controlled by the producer or seller it is not regarded as delivered, but is considered in stock and is figured in the visible supply, but when a shipment has reached the stage that the copper can be considered as within the custody of the transportation agent it is regarded as delivered. No direct statistics of copper imported are collected, that being left to the government.

A STRONG SITUATION.

The present strength in copper may be understood better by looking at the tremendous decrease in the world's visible supply. In June, 1910, there were about 450,000,000 pounds avail-

able for delivery; by January, 1911, this was reduced 75,000,000 pounds, and by January, 1912, there was a further reduction of 100,000,000 pounds, making the total 247,777,895 pounds. On October 15 last, the world's visible supply was 167,852,787 pounds, against the world's monthly consumption of 80,000,000 pounds. All through the recent troubles abroad and the break in copper in London, producers here have held their price at 17 $\frac{3}{4}$ cents. Consumption in this country has been steadily increasing, and made a new high record in August.

The strike of the miners at Bingham and Ely has certainly cut off from 10,000,000 to 15,000,000 pounds, while the scarcity of labor in every mining camp will make it impossible to increase production during the next six months. Production is always curtailed during the winter and for this reason I can see no lower prices for copper and a scarcity for January and February delivery is very possible. New hydro-electric projects and electrification plans are reported every day from various parts of the world, several hundred being under way at present. The value of copper, indeed, is only just beginning to be realized.

SCIENCE IN INVESTMENT

An appalling amount of money is invested on the "hit-or-miss" principle. The following article, prepared by the statistical department of George H. Burr & Co., contains valuable suggestions not only as to what the investor needs but as to how to go about getting it.

THE science of investment is looked upon as highly technical. In many of its phases it is technical; but the real part of it, the very foundation upon which it rests, is simply the application of ordinary business common sense to the buying of securities. Occasionally, a man whose business in life permits him to do so, studies this science of investment and works out for himself a practical knowledge of securities and of the principles that

should guide him in making investments. Such men, however, are few and far between, and it is safe to say that nine out of ten of those who say that they have acquired this knowledge and gained this proficiency deceive themselves and do not realize their mistake until the mistake is brought home to them in the form of investment losses.

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knowledge and the training which they lack. According as the investment banking house fulfills this function well or badly, so will it grow or dwindle. It is the long record of success, good judgment and good faith behind the investment house that makes it a giant amongst its fellows and enables it to gather around it a large and ever-growing group of investors who know that any offering to which it subscribes its name and upon which it places its endorsement is a safe investment into which to put their money.

The first step in the process of taking out a policy of investment insurance, therefore, is the selection of a banking house in which to do business, and upon the judgment of which to rely.

DIVERSITY.

This step having been taken there are only a few cardinal rules to be observed in completing the protection of your funds. The first of these rules is to diversify the investment, that is to split it up so far as you sensibly can into several securities and several classes of securities. The wise investor does not put all his money into one bond or one stock, or even into one class of bonds or one class of stocks.

THE FIRST CLASS.

In every investment of any measurable size there should be a certain amount that can be sold or liquidated on short notice, and the prices of which will not fluctuate to any serious ex-

tent even under the worst of conditions. This simple rule applies with especial force to the investment of business funds, such money as a man withdraws from his business in times of dullness or in times of uncertainty and wants to put to work at a fair rate of interest pending a return to good times or of a period of expansion. Money of this sort should be, in part at least, invested in such securities as have a wide and immediate market, or such securities as have a very little time to run. Thus is the element of convertibility, a factor of prime importance in the investment of bankers, of trustees who are holding funds which must be converted into cash upon the death of some beneficiary, of men investing a business surplus, and of men whose funds are temporarily idle in any way. Probably the best known form of such investment is commercial paper, although of recent years notes and very short-term bonds of the great corporations have become a very popular medium for the investment of funds like these. The very high grade bonds that are legal for savings banks in the most conservative states are also used quite commonly in this form of investment.

The rate of interest obtainable upon investments of this sort rarely exceed $4\frac{1}{2}$ per cent., and it is probably safe to say that the bulk of it does not yield much, if any, over $4\frac{1}{4}$ per cent. In order to obtain this element of convertibility, the investor gives up a part of the income, which he can obtain with

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safety, and receives in exchange this power to convert the investment into cash quickly or to obtain it in cash at a stated time not far in the future.

THE SECOND CLASS.

Few men or women need to have the whole or even any large part of their invested funds liquidated at any moment, and, therefore, most people in putting money away for safe keeping and interest are not content to put it away in these quickly saleable securities; they want to obtain a larger income if they can do so without sacrificing the fundamental element of safety. Therefore, having put into these instantly marketable forms of investment whatever part of their funds they desire to have at their immediate command in the form of money, they go on into another part of the investment market looking for securities that are safe and sound, but that yield a considerably higher income.

At the present time the class of securities to which they will turn is represented by well-seasoned bonds of big, strong public utility companies and industrial companies. As a class, securities of this sort yield from $4\frac{1}{2}$ to 5 per cent. Sometimes they are listed on the stock exchanges of the country and command a reasonably good market; but this is not characteristic of the class. As a rule, they are dealt in by the private banking houses of established reputations in the big cities, and can best be bought over the counters of these banking houses, who carry them in stock at all times and offer them for sale as investment securities.

If you have beside you, in going over the list of such bonds that are offered in the markets, the judgment of a careful and experienced banking house,

these securities can be bought with safety as conservative and sensible investments for any class of buyers. As a matter of fact they are bought very freely by the banks, the insurance companies, the large estates of the country, educational funds and trustees who are not limited by law to savings bank bonds of the most conservative States.

The phrase "well-seasoned" in the description of these bonds means that the bonds have been in the market for some time and that they have reached, by a process of gradual adjustment, about their proper price and about their proper standing as investment securities. If they have weathered panic and a long period of disturbance and come through with credit unimpaired and with prices stable in the face of unfavorable conditions, it is all the better; but such an ordeal is not a necessary part of the seasoning process in a bond issue. If there is anything intrinsically weak about bonds of this class, the critics of the investment market detect it as the bonds pass from hand to hand in the markets and prices gradually readjust themselves to a basis of true value so that the investment banker, going over such lists to pick out a well-seasoned investment for his client finds little difficulty in making his choice, for the field is a very big one and full and accurate data are at his command upon which to pass his judgment.

THE THIRD CLASS.

The investment banker, seeking to give to his client the largest income compatible with safety will add to his list a few standard issues of substantial railroad stocks, industrial stocks and public utility stocks. In every case, in making such recommendations

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he will take the greatest pains to know personally that the security which he recommends is one that will stand the closest investigation and that represents an interest in a corporation which can earn and pay dividends under adverse circumstances, which is administered carefully and wisely, and whose securities are safeguarded by business integrity and supported by a thoroughly demonstrated and permanent earning capacity.

With all these restrictions fully complied with, the investment banker may find for his client good, solid substantial securities which pay to the investor six per cent. or more and which, in all human probability, will always continue to pay to their holders a very substantial rate of income. Sometimes, in the midst of great market disturbances, he will find these securities in the open market; but very often he will find them in the same banking houses upon whose counters he looks for the class of public utility and industrial bonds that the banker recommends to his clients as conservative investments at five per cent.

There are, of course, a great many other classes of securities besides those enumerated above. Farm and realty mortgages, municipal bonds, equipment trusts and many other securities of standard sorts may be found in great profusion in the banking world, but most of them, on analysis, fall naturally into one of the three classes already outlined. For instance, the municipal bonds of the great cities, all the

Government issues and State issues, come within the category of gilt-edge bonds that may be marketed at any time and that are bought in exactly the same way as the gilt-edge railroad bonds and prime commercial paper. Similarly, selected farm and realty mortgages are bought for permanent investment for income, just as the prime public utility and industrial bonds are bought. It is not necessary, therefore, to enumerate in detail all the classes of securities that may be found in the markets of the country.

A PRACTICAL EXAMPLE.

Let us suppose then, that the skilled investment banker is consulting with a client as to the best method by which the client may invest \$3,000 or \$30,000 to obtain a reasonable degree of convertibility, a very large degree of safety, and the best income that can be obtained along with these two fundamental elements.

He will advise that a third of the fund be put into gilt-edge bonds either municipal or railroad prime commercial paper, or short-term notes of the standard classes. He will reckon that on this part of the fund the client can obtain, say, $4\frac{1}{4}$ per cent. He will further advise that another third be put into the better grade of public utility bonds, industrial bonds or mortgages according as his knowledge and taste dictates. In this part of the making up of the fund the selection will be extremely careful and painstaking and

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the knowledge and integrity of the banking house becomes of prime importance. The client may expect to obtain in this part of his investment a full five per cent. on his money. He should not be satisfied with much less and he will probably be able to obtain a trifle more. The other third of the investment may be put away with safety into railroad issues, if the times have placed these stocks on a bargain basis; but in normal times the banking house will probably turn to the industrial list and pick out with the most discriminating care preferred industrial stocks representing old and well-seasoned industries with long dividend records and with long records of earnings, backed by men of established character and integrity, and administered successfully by practical operating officials. The investment banker will give to such a selection his best possible judgment and in most cases he will recommend only such stocks as his own house has investigated and underwritten, for all these industries he is thoroughly competent to judge and these stocks he has himself invested in. In this part of the fund a rate well up to seven per cent. is easily obtainable and may be gained with confidence.

On an average, in such a fund, the investor can obtain a rate of $5\frac{1}{2}$ to $5\frac{3}{4}$ per cent. and still retain the elements of safety and convertibility, and it is the proper adjustment of these three factors, safety, convertibility and income that constitutes a solid and profitable investment for the individual.

LARGE AMOUNTS.

In a large fund, and to a certain degree even in a small one, the factor of safety is strengthened still further by

sub-dividing each of these three main classes. For instance, the client investing \$10,000 in each of these classes will split his investments in the gilt-edge classes into several items, perhaps the bonds of different railroads or perhaps some railroad bonds, some municipal, some short-term notes or commercial paper. In the second class, instead of buying \$10,000 of a single bond, he may divide his \$10,000 into five different items of \$2,000 each. Similarly in the third division, instead of buying 100 shares of some one stock, he may buy 25 shares of four different stocks or even 10 shares each of 10 different stocks and so reduce still further the slight possibility of loss of income and of principal. This sub-division is some times accomplished in such a way as to yield an income at different periods of the year and sometimes, particularly when the fund is one upon which the investor lives, the division is accomplished so that the fund yields a regular monthly income. This is a detail that the investment banker can work out for his client if desired.

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Boston & Lowell (B. & M.)	204	214
Boston & Albany (N. Y. Cen.)	211	214
Boston & Providence (Old Colony)	290	297
Broadway & 7th Av. R. R. Co.		
(Met. St. Ry. Co.)	160	165
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	165
Camden & Burlington Co. (Penn. R. R.)	130	140
Cayuga & Susquehanna (D.L.&W.)	208	215
Christopher & 10th St. R. R. Co. (M. S. R.)	130	140
Cleveland & Pittsburg (Pa. R. R.)	167½	169
Cleveland & Pittsburg Betterment	97½	99½
Columbus & Xenia	203	207
Commercial Union (Com'l C. Co.)	100	110
Concord & Montreal (B. & M.)	156	162
Concord & Portsmouth (B. & M.)	170	175
Conn. & Passumpsic (B. & L.)	150	155
Conn. River (B. & M.)	250	265
Dayton & Mich. pfd. (C. H. & D.)	120	125
Delaware & Bound B. (Phila.&R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	93	98
East Pa. (Phila. & Reading)	125	135
Eighth Av. St. R. R. (M. S. R. C.)	300	300
Elmira & Williamsport pfd. (Nor. Cen.)	100	110
Erle & Kalamazoo (J. S. & S.)	200	230
Erle & Pittsburg (Penn. R. R.)	134	142
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	128	133
Franklin Tel. Co. (West. Union)	40	50
Forty-second St. & G. St. R. R. (Met. St. Ry.)	260	280
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	265	270
Gold & Stock Tel. Co. (W. U.)	118	124
Grand River Valley (Mich. Cen.)	112	125
Hereford Railway (Maine Central)	55	92
Inter Ocean Telegraph (W. U.)	98	104
Illinois Cen. Leased Lines (Ill. Cen.)	93	96
Jackson, Kans. & Saginaw (M. C.)	80	87
Joliet & Chicago (Chic. & Al.)	160	170
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	75	80
K. C. St. L. & C. pfd. (Chic. & Al.)	105	125
Little Miami (Penn. R. R.)	205	210
Louisiana & Mo. Riv. (Chic. & Atl.)	125	150
Mobile & Birmingham pfd. 4% (So. Ry.)	70	80
Mobile & Ohio (So. Ry.)	80½	88
Morris & Essex (Del. Lack. & W.)	171	175
Nashville & Decatur (L. & N.)	185	190
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	118
N. Y. & Harlem (C. & P.)	325	355
N. Y. & Harlem (N. Y. Central)	325	355
N. Y. L. & Western (D. L. & W.)	121	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	150
North Carolina R. R. (So. Ry.)	160	170
North Pennsylvania (Phila. & R.)	193	193
North R. R. of N. J. (Erle R. R.)	82	90
Northwestern Telegraph (W. U.)	113	124
Nor. & Wor. pfd. (N.Y.N.H.&H.)	210	180
Old Colony (N. Y., N. H. & H.)	175	189
Oswego & Syracuse (D. L. & W.)	205	220
Pacific & Atlantic Tel. (W. U.)	63	65
Peoria & Bureau Val. (C.R.I.&P.)	172	182
Pitts. B. & L. (B. L. E. & C. Co.)	60	68
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	166	170
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	150	165

Bid. Asked.

Pitts., McKeesport, McW'port & Y. (P. & L. E. M. S.)	125	...
Providence & Worcester (N. Y., N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	185	191
Rome, Watertown & O. (N.Y.Cen.)	121	...
Saratoga & Schenectady (D. & H.)	160	170
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	92	97
Sixth Av. R. R. (Met. S. R. Co.)	110	120
Southwestern R. R. (Cent. of Ga.)	108	112
Troy & Greenbush (N. Y. Cent.)	160	169
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	122	...
Utica, Chen. & Susq. (D. L. & W.)	142	148
United N. J. & Canal Co. (Pa.R.R.)	237	241
Valley of New York (D. L. & W.)	117	122
Warren R. R. Co. (D. L. & W.)	164	170

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall st., New York.

	Bid.	Asked.
Adams Express	161½	170
American Brass	138	141
American Chicel Com.	215	220
American Chicel Pfd.	100	104
American Express	175	180
Atlas Portland Cement Com.	55	65
Autosales Gum & Chocolate	30	35
Babcock & Wilcox	105	108
Borden's Condensed Milk Com.	116	117½
Borden's Condensed Milk Pfd.	107½	109
Bush Terminal	70	85
Childs Restaurant Co. Com.	178	184
Childs Restaurant Co. Pfd.	109	111
Computing-Tabulating-Recording	46	48½
Del. Lack. & Western Coal	390	400
E. I. du Pont Powder Com.	157	199
E. I. du Pont Powder Pfd.	97½	100
General Baking Co. Com.	30	33
General Baking Co. Pfd.	80	83
Gray National Telautograph	10	13
Hudson Companies Pfd.	38	48
Hudson & Manhattan Com.	13	18
Hudson & Manhattan Pfd.	22	27
International Nickel Com.	132½	ex 107
International Nickel Pfd.	105½	107
International Silver Pfd.	134	139
Kings Co. E. L. & P.	129	132
Otis Elevator Com.	75	80
Otis Elevator Pfd.	100	105
Philps, Dodge & Co.	216	221
Pope Mfg. Com.	32	32
Pope Mfg. Pfd.	68	71
Royal Baking Powder Com.	213	218
Royal Baking Powder Pfd.	107	108½
Rubber Goods Mfg. Pfd.	104	110
Safety Car Heating & Lighting	114	116
Sen Sen Chiclet	116	120
Singer Mfg.	285	290
Standard Coupler Com.	35	42
Texas & Pacific Coal	97	102
Union Typewriter Com.	39	41
Union Typewriter 1st Pfd.	106	109
Union Typewriter 2d Pfd.	103	105
U. S. Express	63	67
U. S. Motor Com.	...	¾
U. S. Motor Pfd.	...	1¼
Virginian Railway	15	20
Wells Fargo Express	116	119
Western Pacific	7¼	8¼

BANKING PUBLICITY

Conducted by T. D. MacGregor

ILLUSTRATIONS IN BANK ADVERTISEMENTS

By Dundas Henderson

EDITORIAL NOTE: We believe that illustrations are suitable especially for savings advertisements. One objection to them is the increased cost of the advertising on account of the art work, cuts and larger space necessary in the newspaper. The advertisements we sell do not have illustrations, though we have considered the idea of getting up such a series. We would be glad to receive opinions from our readers on the comparative value of illustrated and unillustrated advertisements on the basis of actual results.

ONE of the first things a writer of a bank advertisement thinks about, be he amateur or professional, is how he can make his advertisement dignified. He feels that dignity is not only necessary in literature concerning a banking institution, but that the lack of it may detract from the confidence he desires to inspire in present and possible customers.

It is this straining after dignity that has created some of the present hide-bound rules concerning bank advertising, the breaking of which would appear to ordinary bankers as a heinous crime against banking laws. It has been pointed out, for instance, that any kind of illustration in a bank advertisement is *infra dig.*

Let me lead those of my readers who are interested back into the advertising kindergarten class and tell them once again that all advertisements are composed of four distinct parts in their effect on possible customers. First, they should capture and hold attention; second, they should cause interest; third, they must bring conviction and last, but by no means least, they have to bring action along the line desired by the advertiser.

My contention is that the most important of all these requirements is the capturing of attention. So important is this considered by many advertising authorities that they have classed it at seventy to eighty per cent. of the

whole value of the advertisement. And those same experts say that the best way to get and hold the attention of possible customers is by means of a well drawn illustration with human appeal in it.

The extremely conservative members of the banking fraternity who are over-jealous of the dignity of their profession, look upon such illustrations as



DUNDAS HENDERSON

little less than sacrilegious. They think that an illustration not only detracts from the dignity of the announcement, but that it lessens the effect of the appeal from the confidence standpoint.

To some extent these men are right. They are correct in their statement in so far as it applies to the narrow sphere in which they are arguing. They refer to the announcements made in the larger cities by financial institutions which appeal to a limited class of moneyed men. These gentlemen are like many advertising "experts," who live in a small circle of their own and apply the principles they find there to



Comfort in Old Age

IT is cheering to know that your old age is provided for—that you can spend the autumn of your life in comfort and happiness. **Your best friend is yourself.** Start a bank account here today and lay up money against the declining years which will surely come.

BANK NAME AND ADDRESS HERE

Capital _____ Deposits _____ Surplus _____

DIRECTORS: _____

OFFICERS: _____



Do your banking by mail

IT is just as easy to bank by mail as it is to bring it personally to this bank. Write to us today for full particulars of how you can do it.

BANK NAME AND ADDRESS HERE

Capital _____ Deposits _____ Surplus _____

DIRECTORS: _____

OFFICERS: _____



The Spendthrift

passes years of miserable remorse when it is all over. He looks back on his foolish extravagance and laments the money that he spent. **If you are a spendthrift take heed now.** Start a bank account today and provide against those vain regrets that will surely come with advancing age.

BANK NAME AND ADDRESS HERE

Capital _____ Deposits _____ Surplus _____

DIRECTORS: _____

OFFICERS: _____



Beware!

BEFORE you put your hard earned money into any scheme, come into this bank and let us get you some truthful particulars concerning it. It is our business to know these things and all information is entirely at your service free—whether you bank here or not.

BANK NAME AND ADDRESS HERE

Capital _____ Deposits _____ Surplus _____

DIRECTORS: _____

OFFICERS: _____



How to Choose a Bank

DON'T be like the man who conducts his life by chance—who chooses his bank like boys playing at "hide the button". The boy who chooses the hand with the button wins. **Choose your bank for its good points.** Come in here today and let us talk it over.

BANK NAME AND ADDRESS HERE

Capital _____ Deposits _____ Surplus _____

DIRECTORS: _____

OFFICERS: _____

HUMAN INTEREST PICTURES

all advertising in the great world at large. What is good for banks in Chicago and New York, for instance, is not necessarily the best thing for banks in Hutchinson, Kansas, or Roswell, New Mexico. If a principle is to be applied to a business as a whole

it should be based on the conditions of the whole.

A well-known Chicago authority gives the population of all cities over four thousand as 41.2 per cent. of the total, while the number of people who live in towns of less population than

1870



1912

A COMBINATION OF NATIONAL, STATE AND CITY SEALS

that and on farms is 58.8 of the whole—the great majority of them living on farms. This would show that the number of people who are catered to by the small country banks is about one-third more than those catered to by the city banks. But we must not also forget that a great many of those city banks are conducted on the same lines as the country banks, so this would give a very much larger percentage of people who must be placed on the same plane as the country people referred to.

Investigation of the comptroller's reports will show that these small banks show individual deposits far in excess of the deposits in the central and other reserve cities. A very little thought will, therefore, show, without further digging, the class of people to whom the great majority of banks have to appeal for business. Apart from small coteries of men in the large cities, who comprise the objectors to illustrations, and their advisors, the class to whom the average bank must appeal is the "common people."

The last census stated that about ten per cent. of the people in this country were illiterate and, therefore, unable to read advertising. This class ranges from two per cent. in some localities to twenty-five per cent. in others. Competent authorities have stated that about another twenty-five per cent. are so poorly educated that reading is hard labor to them. To this you must add about forty per

cent. of people who are so indifferent that they take little trouble to look at a newspaper and who would not appreciate an ordinary advertisement even if it were pointed out to them. This leaves us about twenty-five per cent. of people who are capable of appreciating an argument in an advertisement, who can follow its logic with varying degrees of success and on whom the average bank advertisement *might* have an effect after their attention had been drawn to it.

Professor Walter Dill Scott, the well-known psychologist, has found by investigation that the ordinary reader spends an average of ten minutes in turning over the advertising pages of a standard magazine. If we apply this rule to the country newspaper and allow that each paper has 100 advertisements of different sizes, some of them more compelling than others, it would give about six seconds to each ad. under ideal conditions. From this it would appear that under the best conditions twenty-five per cent. of the people—the twenty-five per cent. discerning persons already indicated—spend six seconds on a bank advertisement. But I do not believe that all of the twenty-five per cent. would spend even six seconds on a bank ad. if their attention were called to it. You can yourself recollect many people who, while belonging to the twenty-five per cent. reasoning class, have little or no time to read advertisements.

Many small banks have now come to the conclusion that it is worse than useless to advertise for commercial accounts in the smaller communities. They have found that accounts of this kind are not got by newspaper publicity—they come mostly from personal introductions and recommendation. Once again, therefore, let us remember the "common people" as possible customers.

If the average intelligent person only devotes six seconds to an advertisement in his local newspaper, it stands to reason that if an ad. is to secure the attention it deserves, it will have to catch the eye with a "bang" and hold the attention like "glue," to use figurative language. Further, when it has got so far it will have to be so plain in its effect that it creates an immediate desire in the reader's mind. Could any better means of doing this be found than a well-drawn illustration with human appeal in it?

Because of the quickness by which an idea must be conveyed to the ordinary reader and because of the laziness of the minds of nearly all readers, it has been found that suggestion is much more effective than argument. Professor Scott has collected a lot of data on the subject of influencing the human mind in this way and he makes a positive statement that vastly more sales are made through suggestion, even to educated minds, than through argument. If you can combine the two, therefore, argument and suggestion, so that a quick result is produced, you have the ideal bank advertisement.

Illustrations in all forms have been used by the greatest writers and educators of all times to teach the illiterate and simple-minded. It is safe to say that the greater part of the educated world to-day would not be so highly educated if it had to depend on words or text alone. Illustrations are the surest and safest means of imparting true and reliable information. If some of the greatest minds that ever lived have found illustrations in vari-

ous forms so useful in teaching half-awakened brains, why should a banker not adopt the same means? Is there anything in his business more dignified than the Christian religion for instance, which has used illustrations for all these years to teach salvation to the world?

The subject of saving is worthy of illustration. To teach the habit of saving is true education. There is no loss of dignity in depicting sorrow, in showing misfortune, in picturing the needs of mankind or in showing ideas for its betterment, if thereby the habit of saving is to be taught to a lazy-minded, ignorant or apathetic people.

With this article will be seen some reduced facsimilies of advertisements showing illustrations that have human appeal in them. Why should any bank consider it below its dignity to use ads. like these, the illustrations of which are drawn by a high-priced artist? The text was prepared by the writer, and the ads. are taken from a series gotten up by him for country bankers some time ago.



ETHICS OF BANK ADVERTISING

By Duncan Francis Young, Cashier, Farmers Bank, Osyka, Miss.

FROM time immemorial it has been a custom among doctors that advertising among them would extend no further than the publication of the name, the business and the location—a professional card, it was called. Until recent times it was the practice of bankers to publish the names of the bank and its officers, its class of banking and its location. The old custom still sticks with the doctors, but bankers generally have gone into extensive advertising.


Between doctors and bankers, both professional classes, we have to-day two extremes in matters of position in the public eye. With nothing but his professional card, the physician's practice extends because his ability and suc-

doctor or a maiden, it is in the position of being called upon. For it to reach out in bold black type in lines of the circus ad. class for business is not unlike a gray-haired person taking a part in the "turkey trot" dance.

Why should the feelings of the prospective depositor be played upon to get him to come to you and do business? Is this not like the charlatan and the quack doctor? If you can scare him into depositing with you cannot some one else frighten him into withdrawing his business from you? May not this be done at an inopportune time to you, possibly endangering your business and the savings of those who have learned to trust you and who have stood by you in good and bad times? Why put your flaring circus-advertising cards in places where you as a banker would not present your face? Are you getting from

that quarter a class of people who understand you and whom you understand—a class between you and whom there is a congenial spirit that will cause you to co-operate in times of stress? Are you not thus bringing upon your shoulders a burden that will bear you down at a time when you least expect it?

There is a length beyond which no one should attempt to reach. To go further is to endanger your equilibrium. More than enough is a surfeit, and is unwholesome and dangerous. The good banker knows how far to go, and stops there. In going after business he will put only enough in his advertisement to cause the thoughtful man to come to him. Between such persons there is a community of interests. The banker who advertises for everything in sight and out of sight is



THE BEST THING IN THE XMAS STOCKING

You couldn't put anything in the Christmas stocking that would bring greater delight to your boy or girl than a Citizens Savings Bank Book.

Think how proud they'll be at having a "real bank account!" And think also what it will mean to them in after years to have acquired the saving habit early in life!

\$1.00 Opens an Account

We pay 3 per cent compound interest on savings accounts.

Under Supervision of U. S. Treasury

CITIZENS SAVINGS BANK


"Departmental Bank"

Capital \$100,000

1406 New York Ave.

Open for business 9:30 to 5:15

Sat., 9:30 to 12 M., 2 to 5 P. M.



CHRISTMAS GIFT

THE BANK BOOK

It is a gift that will bring you and your family a great deal of pleasure and profit. It is a gift that will bring you and your family a great deal of pleasure and profit. It is a gift that will bring you and your family a great deal of pleasure and profit.

Merchall & Wiley

Bank

1000 10th St. N. W.

A Bank Book For Christmas

Business accounts showing to customers their progress would find the more appropriate and complete gift than a Savings Account at 2% interest.

If desired we will place the Bank Book in a special envelope and mail it with your card, so that it will be opened on Christmas morning.

Book loaned

CAPITAL ONE MILLION DOLLARS

NATIONAL BANK OF COMMERCE

CHICAGO BRANCH IN CHICAGO, NEW YORK OFFICE

The Holiday Season

It is a good time for contributions each year we have the opportunity of profiting by the appearance of the year before.

If you've felt the need of a strong banking institution in the months gone by, NOW is the time to form one—with a bank like the **NORTHERN**, a safe, sound and serviceable bank for practical business men.

Northern National Bank

GIVE THE GIFT THAT ACTUALLY WORKS

and secure something every day of the three last dividend days and non-dividend days next year.

A savings account in the name of a dollar or more, may be deposited at the rate of any person you wish to remember.

Present the best bank Christmas savings

Merchants and Mechanics Bank

of Syracuse

A Bank Book Makes a Fine Filling for a Christmas Stocking

Not only does the custom of presenting to your family members a bank book with a deposit in it, give them a most practical method of making Christmas gifts, it also gives them a chance to begin the saving habit early in life.

It is a gift that will bring you and your family a great deal of pleasure and profit. It is a gift that will bring you and your family a great deal of pleasure and profit. It is a gift that will bring you and your family a great deal of pleasure and profit.

PITTSBURGH BANK FOR SAVINGS

1000 10th St. N. W.

Established 1851

Tell him a story

—When you send him his New Year's Savings Bank pass book on Christmas, tell him the story of the first Savings Bank in the United States, the first Savings Bank in the United States, the first Savings Bank in the United States.

The first Savings Bank in the United States was the **ROCHESTER SAVINGS BANK**, which was founded in 1851.

ROCHESTER SAVINGS BANK

WEST MAIN AND PITTSBURGH STREETS

laying a mine that may explode his bank and dangerously injure others besides. Thus it is plain that advertising is a serious problem and should be administered as carefully as is medicine. To this end there should be fixed ethics of bank advertising.



A HINT TO BANKERS

Mr. Ellsworth Tells Them to Get
"2000 Points"

IN his address before the State Secretaries Section of the American Bankers' Association at Detroit a few weeks ago, Mr. Fred W. Ellsworth, publicity manager of the Guaranty Trust Company, New York, said in part:

"In the intervals between taking in deposits and making loans and turning down undesirable customers the cashier could dash off an ad. every other day, so that there would be change of copy each time the space was used. And he needn't be afraid that he will run out of subjects, as the banking business is full of good talking points. I recently saw a book on bank advertising with a title something like this: '2000 Points for Financial Advertising.' On the basis that I have mentioned such a book would furnish material to the cashier for a dozen years or more. He could talk about the savings department, and the commercial department, and the safe deposit vaults, and the strong board of directors, and the experienced officers, and the intelligent clerks, and the advantage of a household account. He could explain that the bank pays interest on deposits, makes loans to responsible people, receives deposits by mail, issues certificates of deposit and travelers' checks. Then he could call attention to the strength of the institution; he could explain the relation between surplus and capital, and tell of the safety assured by the supervision of the State banking department or the Comptroller of Currency, as the case might be. Is there any good reason

why a bank with the qualifications which I have enumerated should not employ a method of this kind to secure new business and hold it, and is not this one way in which the newspaper can be of assistance to the bank?"

We thanked Mr. Ellsworth for his kind reference to our book and he wrote: "I am glad to direct attention to your work whenever called upon for advice or recommendation, as I can do it conscientiously."

We might say incidentally that the price of "2000 Points for Financial Advertising" is \$1.50 postpaid.



CHRISTMAS AND NEW YEARS

A GREAT many banks, especially savings banks or other banks with savings departments, take cognizance of the holiday season by running special advertisements at that season.

This month we reproduce a few such advertisements which were published last year. They may give our readers some timely suggestions.

A year ago the manager of the Winnipeg branch of the Canadian Bank of Commerce sent out an engraved letter reading as follows:

THE CANADIAN BANK OF COMMERCE.

WINNIPEG, CANADA,
27th December, 1911.

Dear Sir:

We feel that 1911 should not pass without some expression from us of gratification over the cordial relations we have had with you.

At the close of the year we desire to convey to you with our appreciation of these relations the season's greetings and wish you and yours health, happiness and prosperity.

It is our hope that the pleasant relations that have existed between us in the past will continue for many years in the future.

Yours very truly,
C. W. ROWLEY, *Manager.*

This is certainly a cordial greeting and such letters cannot fail to keep old friends and make new ones for a bank.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Advertising

THAT illustrated advertisement of the Wyoming Valley Trust Company ought to appeal strongly to the laboring man. The picture and the headline are both especially adapted to him, while the statement below the pic-

folders which Mr. Norman sends us. The *piece-de-resistance* is a booklet entitled "A Bit of History," which gives the history of the bank and outlines its services. "Wills and the Distribution of Property under the Laws of the



Open Saturday Evenings
7 to 9 O'clock.

The Money Earned By Hard Work

Now should be so handled that it will keep you in comfort and independence when sickness or misfortune comes and when your working days are over. A few dollars deposited in this bank every pay day will prove your best and perhaps only friend in time of need.

DO YOUR BANKING WITH US

WYOMING VALLEY
TRUST COMPANY.

Wilkes-Barre, Pa.

NO LABORING MAN WOULD SKIP THIS AD.

ture that the bank is open Saturday evenings shows him how convenient it is for him to deposit part of the contents of his pay envelope. Our only criticism of this advertisement is the lack of anything to indicate the strength and security of the institution.

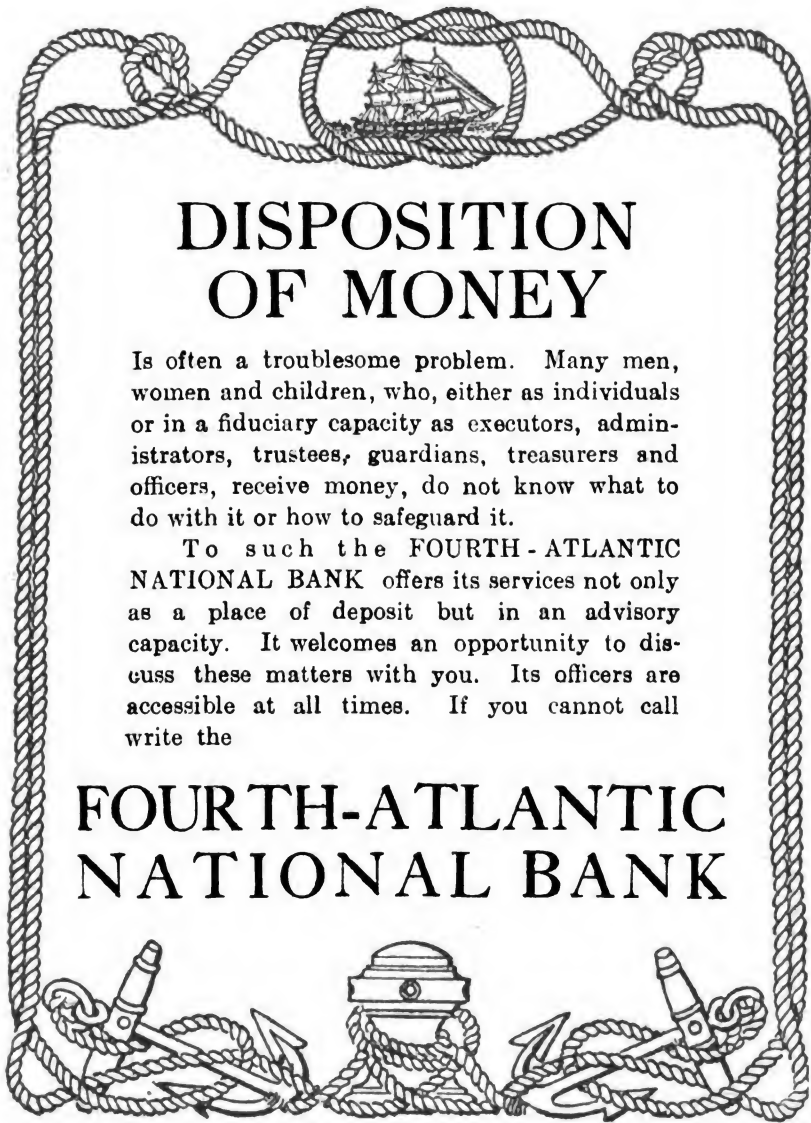
Mr. J. C. Norman, assistant cashier of the Dexter Horton National Bank of Seattle, Wash., writes:

We would be pleased to have you place our name on your list as one of the banks who would be willing to exchange booklets, folders and other advertising matter issued by us from time to time, and are enclosing herewith booklets which have been published within the last year or two.

It is a fine collection of booklets and

State of Washington" is a booklet issued by the allied institution, the Washington Trust & Savings Bank. "Banking By Mail" is an unusually good exposition of that branch of banking service. A four per cent. compound interest table, a savings envelope and a household expense account book are other valuable items in this assortment of good advertising matter.

There is a distinctly nautical air about the Fourth-Atlantic National Bank ad. We don't know why unless it is because there is the name of an ocean in the title of the bank. But it makes an effective border design, at any rate. We think the ad. would be



DISPOSITION OF MONEY

Is often a troublesome problem. Many men, women and children, who, either as individuals or in a fiduciary capacity as executors, administrators, trustees, guardians, treasurers and officers, receive money, do not know what to do with it or how to safeguard it.

To such the FOURTH-ATLANTIC NATIONAL BANK offers its services not only as a place of deposit but in an advisory capacity. It welcomes an opportunity to discuss these matters with you. Its officers are accessible at all times. If you cannot call write the

FOURTH-ATLANTIC NATIONAL BANK

A FINE NAUTICAL BORDER

improved if it had the address, "State and Kilby streets, Boston, Mass.," at the bottom of it.

Ladd & Bush, bankers, of Salem, Ore., get out a quarterly magazine, which is very interesting and ought to be of material assistance in getting new business.

Mr. J. A. Buchanon advertising manager of the Guaranty Trust Company, Lancaster, Pa., writes:

Since you found my former letter worthy of mention, I enclose herewith a letter which we are sending our stockholders. I trust that it will prove of interest to you and will be glad to hear any criticism you may have to offer.

Quite a number of our stockholders live out of town, but we have been fol-

lowing them up and at present about fifty per cent. of them are doing business with us in one form or another. Is this a fair percentage?

We should say it is if many of the stockholders live out of town where they could not conveniently do business with the bank in which they are stockholders. It would not be a fair percentage if they all lived where they could conveniently do their banking with the company.

The form letter referred to follows:

THE GUARANTY TRUST CO.,

LANCASTER, PA.

Dear Fellow-stockholder:

It's encouraging that since April over \$300,000 has been on deposit with this, your company. Getting new business is uphill work, however, and the "Guaranty" can only become successful by EVERY stockholder putting his shoulder to the wheel and all of us PUSHING together.

Some stockholders seem to think that paying their stock subscription ends their responsibility, depending upon the directors to make a success of the company.

However, the only benefit a director receives from business he brings the company is derived through his ownership of stock, the same as any other stockholder. All stockholders being benefited alike, one should then be just as responsible as another for the growth of the company's business. Three hundred stockholders have a much wider range of influence than fourteen directors, so our future rests largely with the stockholders themselves.

Estimating that the directors have procured one-half of our present business, or \$150,000 of deposits, if each stockholder should bring only half as much business as each director, our deposits would increase to nearly two million dollars. This would place us in a position to make money—and profits mean an increase in the value of YOUR stock. A line of deposits like this would also hasten the growth of our trust business, where the company acts as executor, trustee, agent, etc. This business is usually slow to develop, coming as it does, mostly through the depositors of a trust company.

Your business and your influence are what we need. If we do not yet have your account, let me again urge the importance of giving it to us at once. If you owned a store, would you buy from a competitor just because he was a good friend or because his store was nearer you home? This is YOUR bank; it should have your account.

Only second to your business is your influence. Saying to your neighbor, "I do my banking there," or "There's where I keep my account," does more good than a dozen letters from us. With our new building and modern equipment, he can get the best possible service here, and word from you will often decide in our favor—and new business means DIVIDENDS for you.

I have put matters this frankly because I think you should realize that this is your bank, that it is able and wants to serve you in ALL your money matters, and that it needs your co-operation. There are over three hundred of us and we can bring big results with everybody helping just a little. Will you do your share? Come in—any time—let us talk things over.

Cordially yours,

M. ALEXANDER, President.



A HANDSOME BRONZE INKWELL—A SOUVENIR GIVEN BY THE COMMERCIAL NATIONAL BANK, SHREVEPORT, LA., UPON OPENING ITS NEW BUILDING

The York Trust Company of York, Pa., has started urging people in its vicinity to save money to go to the San

Francisco fair in 1915. The copy of one of the advertisements reads as follows:

THE WORLD'S PANAMA-PACIFIC
EXPOSITION

You can start out in 1915 on a three-weeks' trip to the Golden West at a total cost of not to exceed \$300.

This will cover your transportation to San Francisco; a week in that city seeing the Exposition, the Golden Gate and other magnificent sights; a trip to Los Angeles, spending a day or so there; a trip to San Diego—the most beautiful city in America—spending three days there and visiting the Exposition which will then be open at that city; a trip to Old Mexico and back to San Diego; returning by the way of the splendid Santa Fe Railroad, crossing Southern California with its palms and orange groves, through Arizona, New Mexico, Colorado, Southern Kansas, Missouri and to Chicago.

This sum will cover your railroad fare, berth, meals, tips, hotel bills, souvenirs, side trips, etc.

We have a special Exposition Fund to enable you to put aside this sum of money without feeling it. You can place in this fund \$2.00 a week and by the time you are ready to go the money will be here for you.

We add to it 3 per cent. interest, which is compounded for you twice a year.

Why not start your account today by mailing us a \$2.00 bill? We will send your Pass Book by return mail.

YORK TRUST COMPANY

Another good form letter was sent out by the Bank of Palm Beach, West Palm Beach, Fla. It reads:

Dear Sir:

As a progressive bank we want all the good banking business we can get and take this method of inviting you to do your banking with us.

This bank opened for business September, 1909; in less than two years our deposits were over \$400,000, or sixteen times our capital stock. We began with a definite policy, to which we have strictly adhered. The principal features of this policy are:

A great number of small loans well endorsed or secured.

Freedom from loans to officers and directors.

Intelligent directing by the board of directors.

No large loans unless secured by convertible collateral.

Avoidance of borrowing.

A large and flexible reserve.

An earnest "desire to serve."

We believe a bank offers the greatest possible safety when operating under these rules.

We will appreciate your opening an account with us. The officers will be pleased to have you call.

Very truly yours,

BANK OF PALM BEACH.

HELP THIS MAN OUT

A SHORT time ago we received this frank and modest letter from Mr. L. E. Bedell, cashier of the Romeo Savings Bank, Romeo, Mich.:

We would like to get on the list of your advertising exchange if possible, without obligation to exchange our advertising matter, which is too poor to send out.

If this is possible kindly advise us.

We told Mr. Bedell that under the circumstances we could not in fairness to the members of the exchange put his bank on the list, but we would publish his letter and leave it to the generosity of other bankers to help the cause along by sending him some of their choicest specimens.



ANOTHER RECRUIT

WE notice that you are publishing a list of banks who are willing to exchange booklets, folders and other advertising matter issued by them from time to time. We would be pleased to have our name appear in this column and will gladly put the names of the various companies published by you on our mailing list.

GEO. D. KELLEY, JR., Treasurer.

Newark Trust and Safe Deposit Company, Newark, Del.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Arthur S. Cory, Chehalls National Bank, Chehalls, Wash.
 C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.
 Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.
 F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 H. M. Jefferson, Windsor Trust Company, New York City.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.
 W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.
 B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.
 The Franklin Society, 38 Park Row, New York.
 C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
 W. O. Boozer, Barnett National Bank, Jacksonville, Fla.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
 A. A. Eklrch, secretary, North Side Savings Bank, New York City.
 E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 Farmers & Mechanics Trust Company, West Chester, Pa.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 C. W. Beerbower, National Exchange Bank, Roanoke, Va.
 B. P. Gooden, adv. mgr., New Netherland Bank, New York.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. E. Auracher, The Bank Advertiser, Cedar Rapids, Iowa.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 Frank K. Houston, assistant cashier, First National Bank, Nashville, Tenn.
 B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
 Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
 Germantown Ave. Bank, Philadelphia, Pa.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Union Trust Co. of the D. C., Washington, D. C.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.
 J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
 R. H. Mann, The Federal Trust Co., Bridgeport, Conn.
 A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
 Dexter Horton National Bank, Seattle, Wash.
 Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.

ROLLIN P. GRANT, NEW PRESIDENT IRVING NATIONAL BANK, NEW YORK

AS an appreciation for his five years' successful service as vice-president, Rollin P. Grant was unanimously elected president of the Irving National Bank on November 12.

Mr. Grant, who is about forty years old, is one of the best known of the younger bankers in New York city and has probably as wide a circle of banking acquaintances as any other banker in the East.

Prior to his election as vice-president of the Irving, five years ago, he

was that bank's cashier, so that he brings to his new position, not only a wide acquaintanceship, but a thorough banking training.

Mr. Grant began his banking career in 1888 with the old Clinton Bank. His connection with the Irving covers a period of about fourteen years, and during that time resources have increased from about two million dollars to, approximately, fifty million dollars.

In becoming president, he succeeds



ROLLIN P. GRANT

ELECTED PRESIDENT IRVING NATIONAL BANK, NEW YORK, SUCCEEDING LEWIS E. PIERSON, RESIGNED.

Lewis E. Pierson, who resigned the first of November to become a partner in the wholesale grocery firm of Austin, Nichols & Co.

During the early part of the coming

year the Irving National Bank, which is now located at the corner of West Broadway and Chambers street, will move into much enlarged quarters in the new Woolworth Building.

NEW JERSEY'S STATE BANKING COMMISSIONER



GEORGE M. LAMONTE

RECENTLY CHOSEN STATE BANKING COMMISSIONER OF NEW JERSEY

IN selecting George M. LaMonte State Banking Commissioner of New Jersey on October 29, Governor Wilson used the good judgment that indorsed him in his State, and was a week later to be approved by a nation. Mr. LaMonte's clean, active business experience gives him a solid basis from which to master the duties of his new office. Although having many connections, his interest in George LaMonte & Sons, the well-known manufacturers of National Safety Paper, as president, occupied the greater part of his time. He has been a director of the First National Bank of Bound Brook, N. J. his home town, for many years, and is recognized there as a leader in every movement for advancement. Resigning from this office, Mr. LaMonte became a delegate to the Baltimore national convention, and at the last Democratic State convention was chosen as one of the presidential electors. He has been a member of the Prison Labor Commission which is investigating the subject of labor for the State prison inmates, but retires from the commission with his present appointment.

Mr. LaMonte is a graduate of Wesleyan University.

PRESIDENT OF AMERICAN BANKERS' ASSOCIATION ENDORSES EDUCATIONAL PLAN OF THE AMERICAN INSTITUTE OF BANKING

C. H. HUTTIG, president of the American Bankers' Association, appreciates the value of the educational work which is being done by the American Institute of Banking, and in writing about it to B. W. Moser, president of the institute, says:

I am pleased to see that the Institute Section through its Correspondence Chapter is extending its educational work outside of city chapter classes. Young bankers in the country are as ambitious as anybody else to improve their professional knowledge

and efficiency, and since the utility of correspondence instruction has been demonstrated by leading universities. I see no reason why the Correspondence Chapter, furnishing as it does the same facilities as are furnished to study classes in cities, should not have a membership of thousands instead of hundreds. Possibly the low price of ten dollars, at which each of the two parts of the study course is supplied to members of the American Bankers' Association, may in the minds of some persons reflect upon the character of the work. You might, therefore, explain that such nominal tuition fees are made pos-

sible only by the fact that the association has deemed it wise to assist the institute financially. I trust that you will obtain at least one student in every institution throughout the country.

Through institute work and by means of the institute study courses to which Mr. Huttig refers, bank men are enabled to learn in a comparatively short

time what it would take years to learn by experience, and it is confidently predicted that Mr. Huttig's letter of endorsement will influence many bankers and bank men throughout the country to take advantage of the educational opportunities offered by the American Institute of Banking.

SEAL OF THE TREASURY DEPARTMENT*

[From the Annual Report Register of the Treasury.]

AS it required considerable research to trace the history of the seal of the Treasury Department, and as the information obtained is, in my opinion, sumciently valuable to be preserved in the records of the department, I have for these reasons included it in this report.

A committee was appointed by the Continental Congress, September 26, 1778, to devise a seal for the Treasury. There were three members, John Witherspoon, Gouverneur Morris and R. H. Lee. In the Journals of Congress for the same date is a resolution from which the following references to the seal were taken:

Resolved: That the Comptroller shall keep the Treasury books and seal and file all accounts * * * shall draw bills under said seal * * *

No reference to any report from this committee is to be found in the publications of the Continental Congress, so the date cannot be given of its adoption, but impressions of the Continental seal have been found on documents dated 1782. When the present form of government was instituted in 1789 the Treasury seal of the Confederation was continued in use and is found on papers issued in the latter part of the eighteenth century.

Chapter 61, section 3, of the Statutes at Large for 1849 is as follows:

And be it further enacted, That all books, papers, documents and records in the War, Navy, Treasury and Post Office Departments and the Attorney General's office may be copied and certified under seal in the same manner as those in the State Department may now be by law, and with the same force and effect, and the Attorney General shall cause a seal to be made and provided for his office, with such device as the President of the United States shall approve.

It is probably due to this legislation that the old seal of the Continental period was

replaced in 1849 by another cut in cast steel by Edward Stabler of Montgomery County, Md. He was ordered to make a facsimile of the old one, which was nearly worn out. Mr. Stabler suggested some minor improvements, but was informed that the design must be copied exactly in accordance with the law. However, on comparing an impression from the Continental seal taken in 1816 with one from the seal now in use a slight difference in the wreaths on the sides of the shield is to be found and tiny dots have been introduced on what was at the previous date blank space about the principal features within the shield. Lossing, in an article in "Harper's Magazine" of February, 1869, entitled "Executive Departments and Seals," gives a drawing of an impression made in 1782 which had no dottings and had the wreaths exactly like those on the papers sealed in 1816. The diameter of the seal now in use is one-eighth inch greater than that of the Continental seal. But these differences are so minute that the casual observer would never notice them. In all essential features they are the same, so that the design of the seal of the Treasury Department is older than the National Government.

The symbols introduced into the seal are all easily explained. The thirteen stars represent the thirteen original colonies. Justice, the blind goddess holding the balance, has always been a favorite with the devisers of State seals. The very first design submitted for the Great Seal of the United States had this device in full, but was omitted entirely from the one finally adopted. The designers of our Treasury seal used the balance alone as an emblem of Justice.

Keys, in secular heraldry, have been used from remote antiquity to denote offices of state.

The legend on the seal is "Thesaur. Amer. Septent. Sigil," being an abbreviation of the Latin "Thesauri Americae Septentrionalis Sigillum," meaning "The seal of the Treasury of North America."

* For information contained in this article credit is due to Miss Emma M. V. Triefel, Librarian of the Treasury Department.

SAFE DEPOSIT

CO-RENTERS, DEPUTIES, ACCESS-ORDERS, FORMS, ETC.

Chapter IV. from 'In the Cave of Aladdin,' A Narrative of the Safe Deposit Vault, by John P. Carter, for over Twenty-five Years Custodian of the Security Vault in the Lincoln Safe Deposit Company, New York

THE face of the identification card has been illustrated in a previous chapter, and its application to renters and co-renters indicated. Now we come to the reverse side of the card, upon which are printed the forms whereby one or more deputies may be appointed. Let me emphasize the fact that the co-renter and the deputy are two, it being a common mistake to regard the distinct terms as synonyms, although the safe deposit system draws a sharp and uncompromising line between the privileges of the respective positions.

Co-renters are the two or more persons taking in common a single deposit-box. Married couples, brothers and sisters, sometimes an entire family, co-rent one safe, and have equal rights of access, of control of contents, and of surrender; but three co-renters ordinarily represent the maximum number sharing a safe.

Each co-renter is absolutely master of the common box, privileged to open it, to exchange it, even to remove contents, surrender it, and relinquish its keys without reference to his fellow-renters, or liability on the part of a company.

The deputy's access, on the contrary, must be authorized by the renter or co-renters in writing; and upon the death of the single renter, all deputy-rights cease.

Whether the appointment of a deputy, co-rentership, or exclusive rental of a deposit-box is the preferable measure, is a query frequently put by new depositors. Knowledge of individual circumstances is necessary, if one would answer this question wisely and well.

A trustworthy deputy being taken for granted, there is no doubt that he is of inestimable convenience and advantage to the depositor. Age and illness represent two conditions when a delegate is virtually indispensable; and even youth and health are not exempt from the need of occasional representation. Lovers of travel, for instance, who are likewise persons of extensive affairs, would be forced to curtail many a delightful trip in favor of their deposit-boxes, save for the deputies authorized to act for them. The majority of the daughters of fortune, too, prefer proximal rather than personal activity in the financial sphere, although this once universal spirit is changing with the times, and not only is many a feminine depositor now ably managing her own large estate, but cleverly and successfully adding to it. Setting aside the more practical considerations, however, social engagements, sojourns out-of-town, and even more personal convenience render a deputy desirable for the depositor who is fortunate enough to be in touch with a satisfactory candidate.

But a relative, friend or representative in whom unconditional and limitless trust can be placed, large financial values being at stake, is not the happy possession of every depositor. Then if there exists even a shadow of doubt of the integrity, loyalty or practical prudence of the co-renter or deputy under consideration, error on the side of discretion seems preferable to valorous risk.—conservatism, to a reckless taking of chances.

In any case, extreme caution is incumbent upon all concerned, when the

question of giving another implicit power over a depositor's box is contemplated; and the safe deposit representative is bound to impress upon the customer the full purport of his act, reading aloud the deputy form, clearly explaining its grave significance, and reminding the renter that the right of revocation is his standing privilege, should he desire at any time to dispense with a deputy.

It is a fallacy that "every man has his price," else our saints and heroes, our honorable men and reproachless gentlemen were but phantasms instead of the world's most vital realities. Nevertheless, as inseparable as flies from honey, are false friends from wealth; and under stress of temptation even the well-disposed have been known to betray financial trusts. Hence, by many a man of fine sensitiveness, the delicacy and responsibility of the deputy's position are so keenly realized, that even as a favor to relation or friend, it is persistently refused upon principle.

I am able to state, however, that in my long experience the bad faith of a deputy has been almost an unknown quantity, the rarity of the exception proving the rule of probity.

Yet the most heedless risks have been run by depositors who having originally appointed deputies, in course of time forgot or unwisely ignored the power conferred, leaving their boxes subject indefinitely to the access and control of men whose current characters and records were unknown to them. In one instance, by merest chance, I secured the cancellation of the deputy-power which a flagrant defaulter had been allowed to retain for years after his untrustworthiness was discovered.

Cashing some coupons for a customer who requested this accommodation, I remarked that the valuable bonds concerned were an enviable investment; and was informed that the possessor thereof had originally owned twenty such bonds, but that her deputy had taken advantage of his position to re-

lieve her of half the number. Woman-like, she had accepted her loss without public protest; and only my plain-speaking made it clear to her that the dishonorable history might repeat itself to her ruin, while she was still unprotected by a formal report to the company, and cancellation of the deputy-power.

As has been shown, safe deposit companies have a special deputy-form, which should be used except in such cases as necessitate acceptance of legal "Power of Attorney." These exceptions demand the production of the original paper, certified copies being open to objection.

Emergency-forms likewise are issued for depositors who having no deputies, yet find themselves in sudden need of temporary representation. These forms may be sent to any distance to be filled out by the customer and forwarded to the appointee, who upon proper identification will be recognized by the company.

Yet depositors often favor the company with original and informal orders regarding deputies, which are most amusing in their ambiguous phraseology. Although accepted when urgent reasons justify the concession, such orders are protested against by the Safe Deposit Company, and regular forms are supplied and substituted as soon as possible.

For instance, one depositor sends a deputy with written orders to "Get into her safe"—while another authorizes the bearer to "Go through her box"—impossible achievements in both cases, should the requests be taken *verbatim*. "Give access during my absence,"—or—"Until my return," is likewise an indefinite yet common form of notification from the prospective travellers.

Letters giving the privilege of access to safes should be clear and specific in their directions, not only in the interest of the writers, but in consideration of the position of the company whose responsibility conflicts with its desire to accommodate customers, when vague orders present a difficulty.

A simple yet satisfactory order would read as follows, under date of day, month and year:

Alpha Safe Deposit Co.

GENTLEMEN:—For this date and occasion only, please allow the bearer, Mr. John Doe, access to my safe deposit box No. 0000 in your vault. He has my keys and will give you my pass-word.

Yours truly,

MARY ROE.

(Mrs. Mary Roe, 6000 Fifth Ave., New York City.)

(Signature of Mr. John Doe.)

The above is the signature of Mr. John Doe, and the same is vouched for by me.

MARY ROE.

When prolonged representation is desired, a depositor should authorize a deputy's access "At any and all times," or "Whenever he requests it." Such letters are filed with the company and regarded as current orders for access, until the cancellation of the deputy-power, or the substitution of the regular deputy or co-renter forms.

The safe deposit rules relating to the individual apply almost similarly to collective depositors. Many corporations in a section of their by-laws provide for the safe-guarding of their securities. Otherwise the greatest financiers, the representative officers of the most notable companies, are as rigidly under the laws of the security vault as is the youth depositing his first bond in his five-dollar box. Corporations, banks, trust companies, associations, unions, committees, firms or partnerships, executors, administrators, fiduciaries bonded by surety companies, etc., renting deposit-safes, specify conditions of access which vary according to their respective systems and regulations. All safe deposit companies have a private mark for such boxes, and unless the custodians are thoroughly familiar with the special conditions of access differentiating company from company and safe from safe, reference should be made to the cards when access is claimed. Such reference, indeed, is a wise precaution under any circumstances, the most remote possibility of mistake thus being avoided.

Generally speaking, the presence of two officers of a corporation is the condition upon which access to its safe is arranged.

A corporation should furnish the safe deposit institution with a certificate of the resolution of the board of directors, indicating, under official seal, the agents authorized to have access to the safe. The signatures of said agents should be annexed.

If power of substitution has been conferred by the corporation-board—a prudent measure in view of the possibility of individual absence, illness, etc.—this proviso should be specified in the resolution submitted when conditions of access are determined.

It is needless to add that upon any changes affecting the resolution, due notification must be given, and a copy of the revised resolution covering existing conditions should be filed with the Safe Deposit Company concerned.

The exact fulfillment of each and every condition of access to the safes of corporations, etc., cannot be too strictly insisted upon by deposit companies, if only for their own protection. Even when, in regard to these and other trusts, a slight concession or indulgence may seem reasonable and justified, and its refusal ungenerous, yet it devolves upon their representatives to sacrifice broader instincts in favor of the letter of the written or unwritten safe deposit law, which is honored *not* in the breach, but in the observance.

When I was still young in the safe deposit service, I was convinced of the absolute necessity of this iron rule, by an instance brought forcibly to my attention, in reference to the safe of a corporation.

The conditions connected with the safe in question were that both the vice-president and the secretary must be present on each occasion of access. Upon one such occasion these officers entered the vault together, qualified at the custodian's desk, and turned in company towards their safe. The vice-president, however, paused on the way

to chat for a moment with a friend; and upon rejoining his associate, who in the meantime had opened the safe, claimed that the custodian had been guilty of a grave infringement of rule in permitting the secretary's access, since he—the vice-president—had not been present at the moment of opening, as the conditions on the safe demanded.

To the custodian's assertion that the conditions had been fulfilled by the officers' simultaneous entrance and presence in the vault, the vice-president took exception, admitting that his little act had been played simply to test the Safe Deposit Company's representative, whom he considered had napped at his post. This view was not shared, however, even by his own corporation,—the ruse was looked upon as unfair, and the custodian exonerated. But even as to me this little story has been a lasting lesson of the danger of the least laxity, so it may have a similar moral and warning for the younger deposit-men of the present day.

Sometimes an informality is ventured by the corporation officials themselves, against which the wise custodian must take an uncompromising stand. For instance, it happens occasionally that an ex-official will call at a safe deposit house and personally introduce his successor as one entitled to the cancelled privileges of access. Under no conditions should this well-meant but mistaken method be acted upon, or recognized as of the smallest authority. It makes as a social introduction solely, without official or legal significance. Let the young or new safe deposit custodian realize and remember that as previously stated, *when access to corporation safes is in question, power to delegate comes only from the board of the association, and must be in writing under official seal.*

In cases where such written notice is not volunteered, a Safe Deposit Company will write as follows:

Omega Grain Association,

DEAR SIR: Recently your ex-Treasurer called and introduced the newly elected Treasurer, Mr. John Doe.

As it is our rule to have on file a certi-

fied copy of the resolution passed by an Association showing a change of officers, we shall appreciate your courtesy in favoring us with such a copy, in compliance with a custom sustained by us for the protection of our customers.

Perhaps it is not yet generally recognized that the seemingly arbitrary rules imposed by the conservative safe deposit house upon its customers for their own best interests, resemble those obtaining in the first-class banks. Corporations and firms, executors and administrators of estates, trustees, guardians and committees, etc., fare much alike in both institutions, their honor and dignity being hedged about by analogous conditions similarly enforced by cashier and custodian, for the same protective end.*

Even the most exhaustive of treatises on the rules and regulations directly or indirectly associated with the system, however, cannot foresee or provide for the novel or involved cases of which the great security vault of the safe deposit institution is the daily and hourly scene.

For example, a depositor may insist upon a minor being accepted as a co-renter or deputy; or a duly authorized executor may come from Kalamazoo, expecting prompt access to the box of a deceased depositor, but lacking the interstate countersign which the custodian now must demand in place of the Ancillary Letters formerly necessary, but abolished by Chapter 631 of the Laws of 1911, in favor of an exemplification of the record of the executor's or administrator's appointment, and proof that the officer of probate is qualified to act under the Great Seal of the State. (*Section 2704 of the Code of Civil Procedure.*)

A surviving co-trustee may introduce a stranger as his colleague, while presenting no proof, as he needs must, of the death of the trustee thus succeeded.

* In this connection mention may be made of the timely pamphlet recently issued by Chas. Elliot Warren, the well-known vice-president of the Lincoln National Bank. Mr. Warren's publication admirably fills the place of a text-book for the instruction and guidance of the prospective safe deposit customer, as well as of the new depositor of the bank.

Even the mental "incompetence" of a depositor previously acting independently, suddenly may be announced by some newly-appointed guardian or attorney, taking the responsible custodian completely by surprise. In these and numberless uncited instances of similar delicacy, he will be prudent to submit his problem to the president or general manager, even though he be confident of his own correct solution. In important or difficult cases even the highest officers may find it well to refer in turn to the company's legal adviser.

And here a word as to the general and particular obligations of the middle-man of the safe deposit institution,—the Aladdin of its treasure cave, the custodian of its great security vault,—seems permissible from one familiar with the endless chain of responsibilities to whose occasions he of the guild must rise, since it is he, first and directly, who deals with depositors and their interests to a confidential and intimate extent undreamed of save by his co-workers.

The legal side of the greater number of safe deposit matters, the uncompromising rules differentiating the respective positions of co-renters and deputies,—the rigid conditions of access upon which hinge the privacy and security of deposits great and small, multiply and complicate the moral and professional exactions of his position of trust; and his adequacy to meet its subtle and complex requirements is a point of paramount importance to all concerned. In popular parlance, it is "up to him" to be at once able, conscientious and tactful; to guard alike the system and the institution he represents, the depositing public and himself, from the possibility of legal mistake! He must be intelligent, quick and correct of judgment, and train his memory to the perfect degree. The identities, histories and distinguishing conditions of myriad customers must be individually and vividly photographed upon the sensitive plate of his brain. Seeming to see nothing, he must yet

see all, keeping ceaseless watch over comers and goers, associating each box with its renter or renters and deputies, each depositor with his safe, and as far as possible memorizing names with numbers, that the not uncommon mistake of customers in regard to the numbers or positions of their own safes may be corrected before embarrassment results. His, too, must be the acumen to detect the plausible and spurious; to recognize the pretender at first glance, and to prick the bubbles of the plots of the wiley; while even ordinary cases of the honorable and legitimate class still demand that he be not only a capable executive but a diplomat, steering like a modern Ulysses between the Scylla of undue concessions and the Charybdis of the antagonizing of imperious or sensitive customers. The concerns of the individual depositor, indeed, may be at least comparatively simple and easy of adjustment; but the diverse conditions affecting co-renters, deputies, corporations, etc., present complications where-with experience and skill alone can cope safely and satisfactorily.

Truly then, is the active custodian of the safe deposit vault even as the paying teller of a great bank, not only in touch with institutional and public interests, but holding their honor and material weal in the hollow of his hand; and upon his integrity, intelligence, information, prudence and tact, customers and company alike are dependent to an unrecognized degree, for their immunity from losses and lawsuits.

MICHIGAN TRUST COMPANY'S NEW VAULTS

EXTENSIVE additions to the vault equipment of the Michigan Trust Company at Grand Rapids are being made in the new part of the company's building now nearing completion. The new vaults when completed will rank with the finest and best in the United States.

A SOUTHERN BANK'S NEW VAULTS

MANY banks throughout the country are installing new and costly vault equipment. One of the latest of these—the vaults of the National, State and City Bank of Richmond—is thus described by the Richmond "Times-Dispatch":

"There are four vaults in the bank. Three of these vaults are built with

the main one on the banking room floor, the second and third being built down one below the other.

"The main vault is eight feet by seventeen feet, and is an absolutely fire and burglar-proof structure, the walls of the vault being composed of an outer shell of one-quarter inch steel plates, then five inches of filler, then an inner



ENTRANCE OF THE MAIN VAULT, NATIONAL STATE AND CITY BANK, RICHMOND, VA.

layer of two and one-half inch five-ply solid chrome steel, so arranged and laid up that the entire structure is fireproof, drillproof, dynamiteproof, wedgeproof and mobproof.

"Entrance is had to this vault through a vestibule having a five-inch outer door and three-inch inner doors, all of five-ply solid chrome steel; the dimensions given and the thickness of the doors are the thicknesses of the actual steel, the total thickness of the outer door being eleven inches and of the inner doors six inches.

"The vault also has an emergency entrance vestibule with doors of same thickness as the main entrance vestibule; these emergency doors being provided so that in case anything should fail to work in the mechanism of the main doors at any time, entrance to the vault could be had through the emergency door, and thus avoid any delay that might possibly occur in being ready to do business every banking day.

"The doors are hung upon massive goose-neck hinges, and equipped with pressure bars on the outside, consisting of rods, levers and gears, to force the doors firmly into place and allow them to be properly locked by the locking bolts on the inside of the door. The bolts on each outer door are locked by an automatic device and a triple time lock, there being no hole through the door whatever, and the method of throwing the bolts into locked position and again retracting them is all done automatically. The inside doors are locked by two combination locks, either one of which is capable of 75,000,000 changes of combination, so the builders say.

"When these doors are closed and locked at night they form an absolute metal to metal joint, making it impossible to introduce any liquid or other explosive and it is not possible to again re-enter the vault until the time lock has released its control at the hour for which it was set before the doors were closed.

"The book vaults and storage vaults

are all provided with fireproof doors and light steel linings, making them dampproof and fireproof.

"It was the policy of this bank in purchasing this vault outfit to provide the very best, irrespective of cost, and the officials have undoubtedly succeeded."

NEW BANK VAULT BEING INSTALLED

THE Canajoharie (N. Y.) National Bank is having a fine new fireproof safety deposit vault installed in its modern banking building. The vault, weighs fifteen tons in all. The outside doors are nine inches in thickness, and the inside ones three inches thick. It is locked by twenty-two bolts each three inches thick. Inside of the vault will be installed the safe deposit boxes and money safe. The safe deposit boxes are divided from the money safe by a grill of solid steel and are protected from fire by a reinforced concrete wall eighteen inches in thickness. The vault was shipped in two carloads and the work of unloading it and installing it in its position has been watched with great interest by the citizens of Canajoharie. The patrons of the Canajoharie National Bank who entrust their valuables to the care of the institution will have the protection afforded by the latest type of vault construction.

THROUGH an error, the name of Mr. W. H. Kniffin, Jr., was used at the head of the Savings Bank Department in last month's MAGAZINE. Mr. Kniffin formerly conducted this department with great ability, but on becoming secretary of the Savings Bank Section of the American Bankers' Association, and later treasurer of the Onondaga County Savings Bank, Syracuse, N. Y., was unable to find time for this work.



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JAMES J. HILL

**THE GREAT RAILWAY BUILDER, WHO, BY HIS INCREASED INTEREST IN BANKING AT ST. PAUL,
GAINS FURTHER FINANCIAL PRESTIGE**

NATIONAL SHAWMUT OF BOSTON ABSORBS THE ELIOT

ANOTHER step in the building of "New England's biggest bank" was taken last month when the Eliot National Bank of Boston was merged with the National Shawmut Bank. This merger gives the Shawmut deposits of something over \$90,000,000 and total resources of \$110,000,000. Moreover, the Shawmut, outside of New York, will be the third largest bank in the country, being exceeded only by two Chicago institutions.

President Burrage of the Eliot becomes a vice-president of the Shawmut, and Eliot directors will be added to the Shawmut board.

In a statement concerning the merger President William A. Gaston says:

"The National Shawmut Bank occupies a position foremost among the banks of New England on account of its size and strength. Protection to the depositors is guaranteed in the sum of \$27,000,000, and new strength has been added through the acquisition of the business of the Eliot National Bank.

"Besides protection, the value of size as applied to service is too often underestimated. Large corporations to be successful must have highly perfected organizations, highly trained men and efficient service. Their very size makes this essential. We think the same can be said of a large bank like the Shawmut, which has highly developed departments to meet every customer's needs. These departments establish intimate relations with depositors and serve them through a staff of efficient

officers and clerks, whose duty and desire it is to render good service."

In the further advantage to the important business interests of New England, attention is called to the fact that one effect of the expansion of the Shawmut into the banking institution it has become, is that it attracts New York and other extra-New England money to Boston. The Shawmut as a depositor of \$9,000,000 to \$10,000,000 in New York banks for its legal reserves is obviously in a strategic position to attract New York money to Boston. A small bank with \$200,000 or so in New York would have no rational basis to ask for New York money for Boston.

President Gaston has also stated his belief that anything that will enable Boston business to get its share of the present growth of trade and commerce, is a good thing for Boston. It requires, however, constantly larger sums to finance the requirements of modern commerce. Boston to successfully compete with other cities for its share must have aggregations of capital in proportion. The Shawmut Bank compares favorably in size and assets to any bank in the United States. The present addition to its business, of course, still further improves its position.

It will be remembered also that the Shawmut Bank recently further strengthened its position by issuing \$6,500,000 of new stock which was sold at a premium, bringing the bank's capital up to \$10,000,000 and its surplus and profits to more than \$7,500,000.

NEW ISSUE COUNTERFEIT \$20 GOLD CERTIFICATE

THERE has been a new issue of the counterfeit described in Circular Letter No. 347, dated April 27, 1912, the face plate number having been changed from 40 to 125. The serial No. D468527 has been changed to

B104572. The same back plate has been used on both notes. The new issue, like the original one, is printed on two sheets of paper with silk fibre distributed between them.

A SUCCESSFUL BANKER

ONE of the country's most prominent bankers is J. Fletcher Farrell, vice-president of the Fort Dear-



J. FLETCHER FARRELL
VICE-PRESIDENT FORT DEARBORN NATIONAL
BANK, CHICAGO, ILL. TREASURER AMER-
ICAN BANKERS' ASSOCIATION

born National Bank, Chicago, and treasurer of the American Bankers' Association.

Mr. Farrell has had an interesting career. He was born in Madison, Mo., August 19, 1878, and moving to Paris in the same State when quite young, was educated in the public schools of that place. Concluding his regular study, he became connected with the Paris Savings Bank, and after four years' work was appointed assistant state treasurer of Missouri. Three years later Mr. Farrell resigned to become assistant cashier of the Third National Bank of St. Louis, and in 1910 came to Chicago, being chosen for the position of vice-president and director in the Fort Dearborn National Bank.

He was elected treasurer of the American Bankers' Association at the New Orleans meeting and was re-elected this year at Detroit.

Mr. Farrell is also vice-president of the Paris (Mo.) Savings Bank, director in the Woodlawn Trust & Savings Bank, Chicago, and vice-president of the Missouri Society of that city.

NEW COUNTERFEIT \$10 GOLD CERTIFICATE

SERIES 1907; check letter "A"; plate No. 253; J. C. Napier, Register of the Treasury; Lee McClung, Treasurer of the United States; portrait of Hillegas.

This is a photo-mechanical production of fair workmanship on paper of good quality, containing no silk threads, the fibre being imitated by red and blue ink lines. The large X and seal on face of note are a very pale

brown; the imprint of the seal is rather faint, is ragged in appearance and lacks the fine detail of the genuine. The lathe work on the note is poor, the back of the note showing almost an entire absence of the fine lines seen in the genuine. The number of the note at hand is B18890323. This note should be readily detected by the ordinarily careful handler of money.

SAVINGS BANKS IN THE UNITED STATES

A GOOD index of the prosperity of the country is found in a report just issued by Comptroller of the Currency Murray. The report contains revised figures showing the aggregate deposits in the savings banks of the country and the total number of depositors on June 14, 1912.

In the last year, the statement shows, there has been an increase of \$239,234,924 in the savings banks deposits. In the same period the number of depositors was increased by 215,657 and the average account on June 14, 1912, was \$14.63 greater than the average in June, 1911. These increases have been recorded with only thirty-eight more savings banks reporting than were on the rolls in 1911.

The report shows that depositors now have \$4,451,818,522 in the savings banks. The total number of depositors is now 10,010,304 and the average deposit \$44.72. The average per capita in the United States is \$46.53, as compared with \$44.82 in 1911.

New York State's savings banks depositors alone have \$1,633,495,812, each deposit averaging \$540.04. Only two States surpass this average record. Nevada has 1,466 depositors with aggregate deposits of \$1,162,763, or an average of \$793.17 for each depositor. Rhode Island has 141,614 depositors, each with an average of \$542.23; Alabama has the lowest average, \$106.43 for each depositor.

The Eastern States, New York, New Jersey, Pennsylvania, Delaware, Maryland and the District of Columbia, lead all the groups with 4,193,658 depositors and an aggregate of \$2,070,306,703, an average of \$493.67 for each. The New England States come next, with an aggregate of \$1,426,805,782, and an average for each of \$411.88. The Pacific coast States are third, with total deposits of \$455,010,121. On account of the comparatively small number of depositors in the Pacific coast States the average deposit is \$625, considerably higher than the average for any other group.

NEW NATIONAL BANKS

DURING the month of October, 1912, twenty-six applications to organize national banks were received. Of the applications pending, seven were approved and two rejected. In the same month fifteen banks, with total capital of \$675,000, were authorized to begin business, of which number thirteen, with capital of \$325,000, had individual capital of less than \$50,000, and two, with capital of \$350,000, individual capital of \$50,000 or over.

On October 31, 1912, the total number of national banks organized was 10,285, of

which 2,857 had discontinued business, leaving in existence 7,428 banks, with authorized capital of \$1,053,670,435, and circulation outstanding, secured by bonds, \$727,169,316. The total amount of national bank circulation outstanding was \$749,348,859, of which \$22,179,543 was covered by lawful money of a like amount deposited with the Treasurer of the United States on account of liquidating and insolvent national banks and associations which had reduced their circulation.

FIRST ANNUAL CONVENTION OF THE INVESTMENT BANKERS' ASSOCIATION, HELD AT NEW YORK, NOVEMBER 21-22

THE first annual convention of the Investment Bankers' Association of America was held at the Waldorf-Astoria, New York, on November 21-22. The sessions were largely attended and much enthusiasm was shown. Bankers from every section of the country attended, show-

ing the lively interest investment houses have in the newly-formed association. Many timely topics were discussed and addresses were given by some of the ablest men in the body. Much progress will probably be made in the next twelve months.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

SECOND NATIONAL BANK, BOSTON

AFTER having been located for forty years in the Sears Building, at Washington and Court streets, the Second National Bank of Boston—one of the oldest in New England—recently moved into its fine new banking rooms in the building at 111 Devonshire street.

The building in which the bank is now located is one of the most imposing structures, architecturally, in Boston. The architects, Parker, Thomas & Rice, have tried to preserve a pure Italian style in every detail of the building. The massive columns with richly ornamented capitals support the building, which is of white limestone.

As one enters the building the main banking room is on the right hand side. Four columns of Formosa marble on each side support the ceiling, while on either side are counters of the same material, with a base of Egyptian black and gold. The grille work is of bronze severely Italian in style. The offices of the clerks and executive heads are on either side of the room. Overlooking the street is the private office of the president, Thomas P. Beal, and the vice-president, his son, Thomas P. Beal, Jr. Directly off of this is the private room of the president.

Back of the main office are the vaults, three in number: One in the basement for the storage of books not in active use; one on the balcony floor for the care of books in daily use, and the third on the main floor, divided into two parts, one being used as a cash vault and one for securities. This last mentioned vault includes in the highest degree, safeguards necessary for the keeping of the institution's funds. This vault is about twenty-seven feet long by nine feet wide and nine feet high inside. Its walls are twenty-one inches in thickness, built up of two and one-half inch of shock and drill-proof steel, surrounded with eighteen inches of rock concrete reinforced by heavy steel rails with additional beam work across the top.

By this departure from the older standards of construction, the metal has been distributed throughout the concrete walls, which are designed to provide absolute fire protection and to cushion shock, and especially to guard against the successful application of the oxy-acetylene burner, an instrument now in general use throughout the world, which cuts even battle-ship armor with an ease which is almost unbelievable.

This vault is provided with an entrance

door to each compartment, the weight of each door being approximately twenty tons. These doors are twenty-four inches in thickness and are of composite construction, the outer half being formed of steel castings containing concrete and interlaced refractory steel members. The inner half being built of two-inch five-ply Chrome steel plates, low steel sections and a solid cast bolt-frame.

A noticeable feature of these doors is the absence of the antiquated tongue and grooves and the short step, and in their place the use of the three long steps and the two narrow rebates. This method of construction insures a much closer fit between the door and frame, and eliminates danger factors when the use of explosives is considered.

Another feature of these doors is the placing of the combination locks and bolt-throwing mechanism on the door jamb and the time lock upon the door proper, necessitating holes through both the jamb and door in order to reach the dogging devices. By this arrangement the time and labor required to reach the locking mechanism under burglarious attack is doubled, and permits the use of a solid door without spindle holes.

The combination locks and dogging devices on the inside face of the jamb are covered by steel plates which obviate an almost universal condition in standard work where a small hole through the vault walls provides direct access to the locking connections.

The two compartments of the vault are fitted with safes especially designed to meet the specific requirements of the institution.

These vaults were built under the direction of Frederick S. Holmes, the well-known New York bank vault engineer, by the Remington & Sherman Co.

The elevator for conveying the books to the upper and lower vaults is located in the rear of the building at the front of the vaults, so that the metallic trucks from the various departments conveying the books and securities to the various parts of the bank may be readily rolled from the elevator into the vaults.

The banking room is equipped with a dry system of ventilation, insuring comfort as well as pure air.

On the floor above the main floor is the bookkeeping department with perfectly appointed locker, rest and toilet rooms for the employees. The basement is occupied with the power plants for the operation of



NEW HOME OF THE SECOND NATIONAL BANK, BOSTON

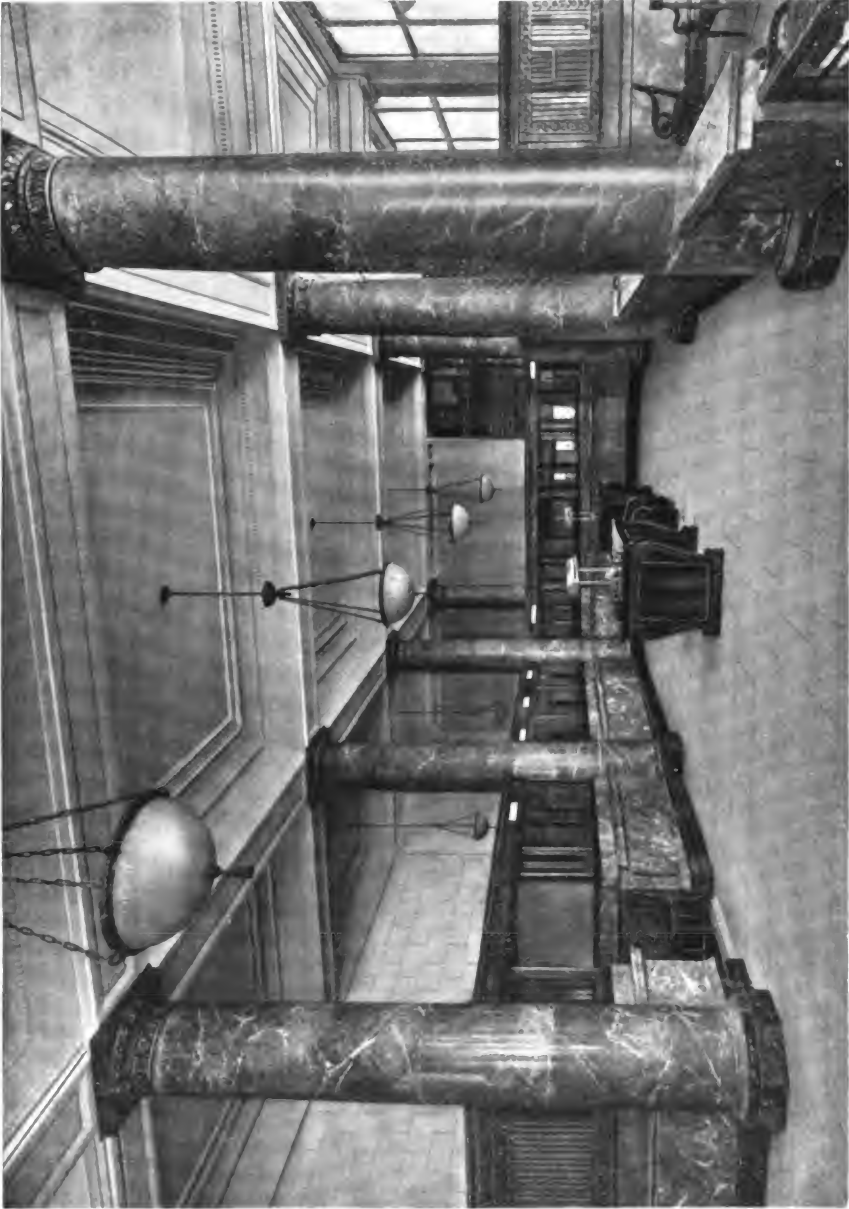
the elevator and the cooling system. The Lamson carrier system connects all departments, so that the utmost dispatch is possible in the handling of the business of the bank.

BANK'S LONG AND SUCCESSFUL HISTORY.

The Second National Bank is the direct successor of the Granite Bank, chartered by the Massachusetts Legislature in 1833, and which commenced business in the fol-

lowing year near the head of Commercial Wharf.

The original board of directors consisted of John Binney, John Brown, Jos. V. Bacon, Jas. McGregor, Chas. Henshaw, Sherman G. Hill, John Kettell, Samuel S. Lewis, B. Lincoln, Jr., F. G. Shaw, Samuel May and A. C. Lombard. The first president was Mr. Binney and his successors have been Messrs. Jos. V. Bacon, Henry M. Holbrook, Alpheus Hardy, Jas. H. Beal, and Thomas P. Beal, the present president.



MAIN BANKING ROOM SECOND NATIONAL BANK, BOSTON

BECOMES A NATIONAL BANK.

In 1864 the Granite Bank entered the national banking system and changed its name to the Second National Bank.

During the Civil War the president of the Second National Bank, James H. Beal, together with the late Franklin Haven, William Gray and J. Amory Davis, constituted Boston's representatives on a committee of associated banks that represented New York, Boston and Philadelphia, in the

thirty years, the stock was selling at 152; the capital stock was \$1,600,000; there was a surplus of \$850,000, and undivided profits of nearly \$170,000, and deposits of about \$5,000,000.

Under the presidency of Thomas P. Beal the bank has continued to grow until its capital is now \$2,000,000, surplus \$2,000,000, undivided profits over \$1,000,000, and deposits above \$23,000,000.

The Second National Bank of Boston, as will be seen from this brief sketch, has



THE VAULT, SECOND NATIONAL BANK, BOSTON

matter of furnishing the United States Government with money at a most critical time; and under the direction of Mr. Beal the Second National Bank for a long time acted as a fiscal agent of the Treasury Department and disposed of \$65,000,000 of the securities which Secretary Chase issued to meet the expenses of the Civil War.

PERSONNEL OF THE BANK.

From its inception the bank has been fortunate in its management, and especially so under the direction of the former president, James H. Beal, and his son, Thomas P. Beal.

At the time of the election of the former as president he was but thirty-four years old, and the capital of the bank was but \$900,000, while its deposits were only \$413,000, and the stock was selling at 75. When Mr. Beal retired in 1888, after a service of over

had a long and successful history, with a sound and steady growth. Its management has won public confidence by efficient service, and with the present adequate capital equipment, and the new banking quarters, this efficiency will not only be maintained but largely increased.

The complete official staff of the Second National Bank is: President, Thomas P. Beal; vice-presidents, Wallace L. Pierce and Thomas P. Beal, Jr.; cashier, T. Harlan Breed; assistant cashiers, John H. Symonds and Frank H. Wright; directors, Thomas P. Beal, Edwin F. Atkins, Ezra H. Baker, Walter C. Baylies, Thomas P. Beal, Jr., Henry B. Day, Charles F. Fairbanks, Edward W. Hutchins, John S. Lawrence, Augustus P. Loring, Edward Lovering, Wallace L. Pierce, James M. Prendergast, Neal Rantoul, Jacob W. Seaver and Lucius Tuttle.

A PROSPEROUS SOUTHERN BANK

HAVING enjoyed the distinction of holding more deposits than any other bank in Mississippi, and more deposits than any other bank in the South located in a city of equal size, the First-National Bank of Commerce of Hattiesburg, Miss., can justly lay claim to being a successful and

G. L. Hawkins, W. M. Conner, John Kamper, F. W. Foote and others, under the name of the Bank of Commerce. It commenced business with \$25,000 capital, and was for a number of years the only banking institution in its immediate section.

In 1899 it was nationalized, increasing the



MODERN BUILDING OF THE FIRST NATIONAL BANK OF COMMERCE,
HATTIESBURG, MISS.

prosperous institution. Its success is further attested by the fact that of its present capital stock of \$350,000 an amount of \$140,000 was issued to shareholders out of profits as stock dividends. The undivided profits are \$91,000, and deposits \$1,800,000.

OUTLINE OF THE BANK'S HISTORY.

The First-National Bank of Commerce was established in 1895 by J. P. Carter,

capital to \$50,000, the deposits being \$185,000. As Hattiesburg continued to grow it was found necessary to increase the capital to \$350,000.

In August, 1908, the National Bank of Commerce and the First National Bank were merged under the charter of the National Bank of Commerce, the combined deposits at the time being \$1,100,000.

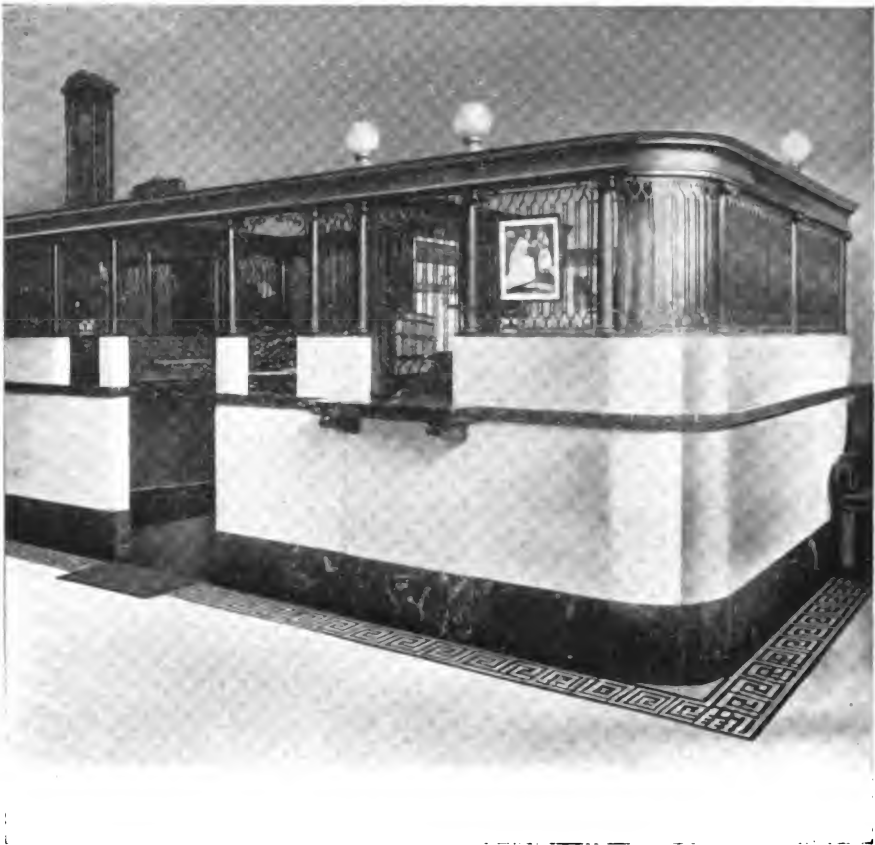
As a result of the merger and the natural growth of business the balance sheet



SPACIOUS BANKING ROOM OF THE FIRST NATIONAL BANK OF COMMERCE,
HATTIESBURG, MISS.



DIRECTORS' ROOM, FIRST NATIONAL BANK OF COMMERCE, HATTIESBURG, MISS.



A VIEW IN THE BANKING ROOM, FIRST NATIONAL BANK OF COMMERCE, HATTIESBURG, MISS.

of the bank has grown to the following proportions, as shown in the official statement of September 4, 1912:

Resources.

Loans and discounts	\$1,606,547.04
Banking house, fixtures and other real estate	94,044.98
Bonds and securities	419,716.65
Cash, exchange and due from U. S. Treasurer	461,044.12
Total	\$2,581,352.79

Liabilities.

Capital, surplus and undivided profits	\$441,795.61
Circulation	344,400.00
Deposits	1,784,793.68
Other liabilities	10,363.48
Total	\$2,581,352.79

OFFICERS AND DIRECTORS.

The success of the bank has been due to the enterprising yet careful management of its officers and directors, composed of men

of exceptional strength and representative of the financial and industrial interests of Hattiesburg and of the southeastern portion of Mississippi.

J. P. Carter, president of the bank, is a leading capitalist of his section, and has for years been prominent in the public life of Mississippi, having been a Senator and Lieutenant Governor.

G. L. Hawkins and John Kamper, vice-presidents, are well-known capitalists, Mr. Hawkins having been one of the largest and most successful merchants in South Mississippi.

F. W. Foote is the active vice-president. He and the cashier, G. J. Havenstein, are the active officers of the bank, and have spent their entire business life in the banking business, though yet comparatively young men.

BANKING QUARTERS.

To the right as you enter the bank are the savings and ladies' departments, and adjoining is the receiving teller's cages. Next to the receiving cages is the book-

keeping department, located between the receiving and paying tellers' cages. The paying teller's cage adjoins the money vaults, in which are stored the moneys and collaterals of the bank, the vaults being steel-lined and equipped with modern screw-door safes.

The vault is three stories high, the lower vault being used for storage purposes, the second vault containing the safety-deposit boxes and the money safes. The third story of the vault contains the books and records of the bank, and is equipped throughout with metal fixtures.

To the left of the lobby as you enter are the officers' quarters, and adjoining is

the cage of the discount clerk. Following the discount window is the exchange teller, and adjoining this cage are the cages of the collection department.

The directors' room of the bank is located on the second floor of the building behind the vault.

BANK'S PROSPEROUS OUTLOOK.

The successful history of the bank since its organization, based upon careful provision for rendering efficient service to the business community, affords a sure foundation for increased and lasting success and prosperity for this bank.



SAFE DEPOSIT VAULTS, FIRST NATIONAL BANK OF COMMERCE,
HATTIESBURG, MISS.

THE NATIONAL STATE AND CITY BANK, RICHMOND, VIRGINIA



COLONEL WILLIAM H. PALMER
PRESIDENT NATIONAL STATE AND CITY BANK,
RICHMOND, VA.



COLONEL JOHN S. ELLETT
VICE-PRESIDENT NATIONAL STATE AND CITY
BANK, RICHMOND, VA.

BANKING at Richmond, Va., has been growing so rapidly of late that a number of the banks there have found it necessary either to put up new buildings or to enlarge and remodel their quarters. The National, State and City Bank of Richmond is one of the banks of that city which has experienced a growth imperatively calling for more space and improved arrangements of its banking quarters. Moving temporarily next door, the building occupied by the bank at 1111 East Main street was turned over to contractors for remodeling, enlarging and equipping in accordance with the latest ideas in bank construction.

This work was completed about the middle of September, and the bank is now installed in its new home, which ranks among the well-equipped banking homes of the South.

ARRANGEMENT OF THE SPACE.

Passing through the entrance vestibule, lined with marble, one enters the main banking room. A glance shows a double row of massive pillars extending the length of the counting room, with Italian marble flooring, the officers' departments and the



WILLIAM M. HILL
VICE-PRESIDENT NATIONAL STATE AND CITY
BANK, RICHMOND, VA.

counters being ranged on either side and constructed of handsome inlaid Circassian walnut wood and heavy plate glass. To the right there is a room provided for private conferences and to the left is a ladies' writing room for the exclusive use of the

right of this room is the officers' dining room.

The electric wiring of the building is characteristic by the latest features in lighting known to the electrician, and the cashier has electric buttons on his desk



ENTRANCE TO THE NEW MODERN BANKING ROOMS OF THE NATIONAL STATE AND CITY BANK, RICHMOND, VA.

bank's clientele. There is also a "ladies exchange" between the savings department and the receiving tellers, where they may transact their business with these departments. Beyond the counting room is the book-keepers' department and the mailing department, and still farther back is the safe deposit vault with its coupon booths, and in the rear is the president's room, where the board of directors meet. To the

connecting him with every department of the institution.

The receiving and paying tellers have three apartments, respectively, each apartment being separated by automatic closing doors, and, what is a novelty in Richmond, there is a device called the "bankers' safety wicket" at the receiving tellers' window, which is raised and lowered by foot pressure from within, insuring protection from



A VIEW IN THE MAIN BANKING ROOM, NATIONAL STATE AND CITY BANK, RICHMOND, VA.

the outside as well as being a convenience to the teller. The inside furnishing of counters, with their numerous drawers and divisions made to fit the various coin, currency and stationary, is arranged with special care as to sanitation and the elimination of delays.

THE VAULT.

There are four vaults in the bank, and in point of construction and equipment they afford the most approved materials and devices for convenience and safety.

They are not only proof against fire but against any practicable form of attack.

BRIEF HISTORY OF THE BANK.

The State Bank of Virginia was organized in 1870, and soon became one of the leading financial institutions of the State. Later it became a national bank. In 1910 it consolidated with the City Bank of Richmond, and took the name of the National State and City Bank. The bank has total resources in the neighborhood of \$7,000,000, and its deposits are close to



JAMES W. SINTON
VICE-PRESIDENT NATIONAL STATE AND CITY
BANK, RICHMOND, VA.



JULIEN H. HILL
CASHIER NATIONAL STATE AND CITY BANK,
RICHMOND, VA.



CASHIER'S OFFICE, NATIONAL STATE AND CITY BANK, RICHMOND, VA.

\$5,000,000. The paid-up capital is \$1,000,000 and the surplus \$600,000.

The personnel of the bank may be said to be closely interwoven with the business history of the city and State.

Colonel William H. Palmer, the president, is also president of the Clearing-House Association of Richmond, chairman of the board of the Mutual Assurance So-

To William M. Hill, vice-president, the bank is indebted for many years of wise and faithful management as cashier of the old State Bank of Virginia and the National State Bank. Mr. Hill's remarkable energy and strong personality have helped to build up the institution from the beginning of his connection with it.

James W. Sinton, vice-president, is sec-



WRITING ROOM FOR LADIES, NATIONAL STATE AND CITY BANK, RICHMOND, VA.

ciety of Virginia, and president of the Virginia Fire and Marine Insurance Company, as well as being connected with various other important enterprises.

Colonel John E. Ellett, the vice-president, was former president of the State Bank of Virginia, and the National State Bank its successor. Mr. Ellett has been and is interested in numerous business concerns, among them the Wingo, Ellett & Crump Shoe Co., and the Virginia-Carolina Hardware Company, and has served many years as director in the Northwestern Mutual Life Insurance Company of Milwaukee, and the Virginia State Insurance Company, of Richmond.

retary of the Richmond Clearing House, and was cashier of the City Bank before its consolidation with the National State Bank.

The cashier, Julien H. Hill, is one of the young and progressive bankers of the country. Mr. Hill has been for several years the popular treasurer of the Virginia Bankers' Association.

With a capital of \$1,000,000, a surplus of \$600,000, the National State and City Bank is well prepared to care for its large and growing business, while the improvements in its banking quarters and the strong character of the management admirably fit the bank for still greater usefulness and prosperity.

AN EXCEPTION

"Money, after all, means nothing but trouble."

"Still, it is the only kind of trouble which it is hard to borrow."—Baltimore American.

FOREIGN BANKING AND FINANCE

EUROPEAN

THE NEW ERA OF BANKING IN ITALY

BANKING in Italy, according to an article by F. D. Byrne in the London "Bankers Magazine," has been established on quite a new basis since the industrial and commercial crisis which overtook the country in the early nineties, and in the course of which many a notable bank went down. But before that epoch—of course leaving the Banca d'Italia out of the question—it can scarcely be said that great, powerfully capitalized joint-stock banks of the modern type really existed in Italy. The Banca Generale, it is true, was a fairly large bank, and there were others approaching it more or less, but there were none of them with a capital of more than 30,000,000 lire (£1,200,000). But the crisis may be considered to have been well over by the year 1895, and then banking on a far broader basis of capital strength and a wider network of foreign relations came into being. The Banca Commerciale and the Credito Italiano began to be talked about, and the era of banking in the grand style might be considered to have set in for Italy. The educational influence of past mistakes had exerted its sway, and now under sound generalship the great banks conducted Italian trade and industry along paths of conquest. Their judiciously applied capital gave an absolutely new life to the cotton trade; hydro-electric power was developed by the expenditure of hundreds of millions of lire; great workshops for the construction of steam locomotives machinery and electrical plant of all sorts were erected and operated; the iron ore from Elba was no longer exported as it had been, but smelted in Italian furnaces; beet sugar growing and refining and chemical industries

sprung up as if by magic; and a mercantile marine was created which carried Italian products into every port of the Levant, and secured for the Italian flag a great portion of the Italian emigrant traffic that had previously existed to the profit of other nations. The movement was so rapid, as soon as it was initiated on the right lines under the influence of sound banking, that the Italian Stock Exchanges became intoxicated with success, and wild speculation took place during the years 1905 and 1906. It can scarcely be said that the banks did their utmost to discourage this, but at least they maintained their resources in a liquid condition, and only one of them, the Società Bancaria, suffered loss, which was, however, confined to its own shareholders who had to consent to a reconstruction. Then came the world-wide lesson of the American crisis in 1907, since when the history of the banks has been one of steady, studied prosperity, except in the case of the Banco di Roma which pursuing and propagating the idea of imperial expansion has advanced at a pace that can almost be described as breathless.

The ground had been prepared for the operations of the four great banks, the Banca Commerciale, the Credito Italiano, the Banco di Roma and the Società Bancaria—not so much by their fairly powerful predecessors which had vanished from existence after doing much, in cases, to diminish the credit of banking among the people—but rather by the *banche popolari* or people's banks, which the far-seeing Minister of Finance, Signor Luzzatti, did so much to promote, and also by the coöperative banks. The number of these popular coöperative

institutions, of the people themselves and for the people, increased during the fifteen years from 1880 to 1895, from 140 to 714, and thus the damage that had been done to banking credit about the latter date by the shortcomings of larger institutions was compensated for by the confidence that had been created and diffused throughout the lower commercial and industrial strata by the banks deservedly known as "popular." And it is instructive to note that, while building on the confidence created in the first instance and sustained by the *banche popolari*, the great joint-stock banks have done nothing to diminish the prestige or success of the smaller institutions. Rather they have advanced with them hand in hand. The Banca Popolare in Milan, for instance, has now a capital of £600,000 and £1,400,000 in deposits. Statistics published by the Government show that at the end of 1908 there were 690 people's banks in Italy, with aggregate working resources of 155,660,000 lire (£6,226,400), of which £3,932,400 was paid-up capital and £2,294,000 reserves. Their deposit and current accounts amounted to £38,846,800, and during the year they had discounted over 2,500,000 bills, of an aggregate value of about £67,600,000, and held investments in Government and other securities to the extent of £23,440,000. Of a similar type to the *banche popolari* are the *Catholic banks*, which, at the end of 1908, held nearly £1,000,000 working resources. These banks were then seventy-four in number, their deposit and current accounts amounted to £12,589,600, and their investments represented a sum of £7,800,000. Besides these, there were also a number of small joint-stock and private banks, which helped in the beneficent work of supplying credit to small traders and shopkeepers all over the country, and on this absolutely decentralized system of banking it can only be said that the country districts and smaller towns of Italy have flourished exceedingly, and are now being brought into the condition in which

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital ... \$5,000,000

Subscribed Capital ... 2,000,000

Paid-up Capital 1,300,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

Agencies at all principal towns in the Republic.

Correspondents in the most important cities abroad.

BANKING BUSINESS TRANSACTED
OF EVERY DESCRIPTION

Special attention given to COLLEC-
TIONS—moderate commission

Dr. Guillermo Mazzini
President Director

G. Hemmeler
Manager

they offer a legitimate field for the operations of branch banking conducted from powerful central offices. Such important towns even as Varese in the North and Gallarate, the spinning centre, and Pavia, are still without a branch of any of the leading institutions, while the South is yet entirely under the *régime* of the smaller banks.

Coming now to a consideration of the four great banks in detail, the Banca Commercial is undoubtedly the leader, if business done is to be accepted as the standard. Its accounts balanced at the end of 1911 at £63,728,800, while those of the Credito Italiano balanced at £37,808,800, those of the Banco di Roma at £29,677,200, and those of the Società Bancaria at £11,594,400. And among the business done it holds the first place in regard to that most satisfactory of all businesses for a bank, the discounting of commercial bills. Among its assets,

Mexican Title-Mortgage Co.

Mexico City, Mexico

MEXICAN TITLES

EXAMINED

ABSTRACTED

PERFECTED

Foreclosures and Reorganizations Managed

Mexican Companies Organized

Foreign Companies Protocolized

Real Estate Properties Managed

Mexican Lands Bought and Sold

Concessions Obtained

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bills figured at the end of 1911 at £13,967,600, while the Credito Italiano held bills value £8,085,200, the Banco di Roma £5,109,600, and the Società Bancaria £2,292,400. The profits for the year made by the Banca Commerciale were £1,244,400 gross and £438,000 net, those of the Banco di Roma £940,800 gross and £459,600 net, those of the Credito Italiano £718,400 gross and £210,400 net, and those of the Società Bancaria £222,800 gross and £112,800 net. The dividends distributed were: Commerciale, nine per cent.; Roma, seven per cent.; Credito, six per cent.; and Società, six per cent. So far for the business actually done, and for the profits derived from the business and distributed to the proprietors. Now to obtain an insight into the permanent strength of the banks to bring about such a result.

Here again we find that the Banca Commerciale undoubtedly took the lead. Its working resources at the end of 1911 were £7,196,000 (£5,-

200,000 capital and £1,996,000 reserves), while those of the Banco di Roma were £6,268,400 (£6,000,000 capital and £268,400 reserves), of the Credito Italiano £3,381,200 (£3,000,000 capital and £381,200 reserves), and of the Società Bancaria £1,614,000 (£1,600,000 capital and £14,000 reserves). Since the close of 1911, however, the Banco di Roma has raised its capital to £8,000,000, so that it has now the largest working resources of any of the Italian banks. Five and a half years ago its capital was only equal to the present capital of the Società Bancaria, namely, £1,600,000; in 1909 its capital stood at £2,800,000, and in 1910 at £4,000,000. To quintuple a capital of such weight, as it has done, in the space of little more than five years, is absolutely phenomenal, and anything approaching the phenomenal in banking matters naturally suggests the reflection that caution is *par excellence* the banker's virtue, and "*Festina lente*" an adage deserved-

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$860,735.00

Deposits, \$3,322,958.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Drednor Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comp. toir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Com. merz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

ly held high in honor by him. The Banco di Roma has in a very few years established a network of no less than forty-two branches along the coast of the Mediterranean and the Levant and, as in modern joint-stock banking, the chief use and function of the branch establishment is to bring in deposits; it must be noticed that the proportion borne by the bank's deposit and current accounts, £12,203,200, to its capital of £6,000,000, is very much less than the proportion shown by the Banca Commerciale, which at the date taken had deposit and current accounts £24,070,800 and capital £5,200,000, while the Credito Italiano had deposit and current accounts £14,766,400, as compared with a capital of £3,000,000, and the Società Bancaria deposit and current accounts £4,482,800 as compared with a capital of £1,600,000. The Banco di Roma has always been very much patronized by ecclesiastics, and all sorts of stories have appeared in the press from time to time about colossal resources being put at its disposal by ecclesiastical institutions. They are not borne out, however, by the figures of the deposit and current accounts. Of course, these accounts are bound to reflect the suspension of business normally carried on by Italian firms on the shores of the Mediterranean and the Levant, but on the conclusion of peace the bank will have a very broad field on which to reap the reward of its remarkable enterprise in branch banking, and to consolidate the great structure

it has erected within such a short term of years. The rapidity with which its capital has been subscribed is eloquent of the degree of popular favor accorded to it, and all that it apparently needs now is time to consolidate its conquests.

MERCANTILE BANK OF INDIA.

A NEW building for the Mercantile Bank of India will be erected at Nos. 13, 14, 15 and 16 Gracechurch street, London, adjoining the building to be constructed for the Hong Kong and Shanghai Banking Corporation.

HONG KONG AND SHANGHAI BANKING CORPORATION.

THIS institution has purchased a suitable site in London for a new building, and is also putting up a new home for its Bombay office.

SAVINGS BANKS IN RUSSIA.

ACCORDING to the preliminary data regarding the operations of the Government savings banks during 1911 there was a large increase in depositors. New savings deposit books were issued to the number of 2,022,000; those cancelled by payment numbered 1,479,000, and the number in circulation therefore shows an increase

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

of 543,000 over 1910. The total sum of deposits received during the year (without the addition of the accrued interest) reached \$416,738,000, showing an increase of 5.1 per cent. over 1910. Payments on deposits amounted to \$385,992,500, an increase of 6.6 per cent., and leaving an increase in deposited capital amounting to \$30,745,500, without accrued interest, while the sum total of deposits (with \$25,607,000 accrued interest) on January 1, 1912, reached \$773,736,000. Interest-bearing bonds belonging to the Government savings banks amounted to \$876,118,000 par value on January 1, 1912, and on the same date their market value reached \$793,151,500. The majority of these bonds were those issued by the Government, representing the sum of \$343,608,000, or 39.22 per cent. of the total, and an increase over 1910 of \$36,822,500, compared with an increase in real estate loans of \$26,110,500 and a decrease in railway loans of \$2,008,500.

FOREIGN EXCHANGE'S FUTURE.

OFFICIALS of the large financial institutions of New York vary in their opinions as to the prospective course of foreign exchange in the near future. Probably this was not illogical in view of the numerous events, pro and con, that have been chronicled recently, and which were responsible for the decisive changes in both directions on the exchange market.

There has been a sharp advance in demand sterling in the early transactions, among the circumstances contributing to this end being the aggressive war in the Balkans, rumored embarrasments at Paris and Vienna, an ac-

tive demand to pay for stocks returning from Europe, and also to meet maturing finance bills.

CO-OPERATION IN RUSSIA.

CO-OPERATIVE organizations of consumers are numerous in Russia, and in the number of people interested are second only to those of Germany. They made rapid progress in 1911, chiefly because the prices of necessities are increasing much more rapidly than earnings. Last year there were 5,000 consuming coöperative organizations, the sum of their yearly returns amounting to 100,000,000 roubles (\$51,500,000).

There were as many as 600 societies of this kind in the provinces of Kief and 900 in the Polish provinces, which shows that these organizations develop most rapidly in the districts where the people are more advanced. The largest of these societies with respect to numbers are those of the various towns; the largest with respect to the size of operations as well as to the number of members are the coöperative societies formed in connection with big industrial concerns and railways that have to a great extent been organized and are supported by the administration of the manufactories and railways. The coöperative societies formed by workmen and villagers are only recent institutions with no firm footing and of limited extension.

The prevailing form of business in 1911 was the sale of goods on credit. This is especially the custom among the institutions at big manufacturing works, where the sales on credit amounted to seventy per cent. of the general returns. In a more favorable position are the coöperative societies

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$343,000.00

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

among workmen and village communities, where the sale on credit amounted to twenty-one and twenty-three per cent. of the general returns.

The adopted form of coöperation, the credit system, has been considerably extended in the area of its operations; in the course of one year 2,426 new societies were founded, which means an increase of thirty-nine per cent. The aggregate balances of these coöperative credit concerns amounted to more than 200,000,000 roubles. Besides their direct object, that of bringing cheap credit within reach of the population, they have developed a new line of activity during the past year, that of intermediary operations.

GERMAN BANKS REFUSE FINANCING.

FEAR that the proposed petroleum monopoly under the auspices of the German Government was a one-sided arrangement unduly favoring the interests of the Deutsche Bank, was the cause of their refusal to enter the syndicate, according to a statement authorized by the Dresdner Bank, the Disconto Gesellschaft and the Bleichroeder Bank.

The three banks declare it to be untrue that their refusal was inspired by their relations with the Standard Oil Company. On the contrary they say

they offered to cancel their contracts with that concern and to enter the monopoly company and withdrew only when the syndicate refused to give the necessary guarantees for equality of treatment.

SWISS PROSPERITY.

SSTATISTICS recently published of Switzerland show the tendency of the Swiss people to save their money, and also serve to show the healthy financial condition of the majority of the Confederation's inhabitants.

ASIATIC

STATE BANK FOR CHINA.

REPORTS from London state that C. Birch Crisp, who was one of the leaders in floating the recent Chinese loan, while presiding at the recent meeting of the Anglo-Russian Bank, made a statement in which he unfolded many new plans for China. He declared that he was considering a scheme for constituting a State bank for China to have a capital of £2,000,000, half of which was to be subscribed by China and half by the five powers, England, France, Germany, Russia and the United States. There were to be nine directors, four to be nominated by the Chinese Government and the other five by each of the nations. It is also

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President
H. C. HEAD, Cashier

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.
SHUR WELCH, Assistant Cashier.

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Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

intended to have an English chairman.

According to the plan there is to be ample guarantee for all who subscribe as regards expenditures in China. One function of the State bank would be to deal with the currency question, which problem, once solved, would be more effective in opening up foreign trade intercourse than any other device yet known. This difficult problem would be handled by the State bank with full powers for investigation.

The meeting referred to decided to change the name of the Anglo-Russian Bank to the British Bank for Foreign Trade.

BANK OF KIANGSU.

FOLLOWING is a summary of a report issued by the above bank on the result of its working for the half year ending June 30, 1912:

"The bank was established by order of the Tutuh first at Soochow as a means of preserving the stability of the money market, as well as assisting Government finance. It was opened on December 3, 1911. Subsequently in view of Shanghai being the center of China's commerce, the head office was transferred to that port, the Soochow office was converted into a branch office, while branches have also been established at Nanking, Sungkiang, Changchow, Wusieh, Chinkiang, and Yangchow. Agencies were arranged in many other places. The bank has been very cautious in doing business during the half year—the first half year of its existence—being fully aware of its

responsible position in relation to the general market. A good understanding with the different banks was, of course, essential before it could hope to do business without difficulty. This was obtained. Still it dared not extend the scope of its operation much farther than accepting the best commodities, such as silk, cocoons, cotton, etc., for mortgage. It had, however, to accept Government loan bonds to the value of \$500,000 [presumably the Mexican silver dollar, worth in China, on Oct. 1, \$0.49 American currency] for a mortgage of \$400,000 at five per cent. interest [this has just been redeemed after this statement had been prepared]. Then follow the accounts which, after deducting expenses, charges, etc., show a net profit of \$25,660.59, of which the head office at Shanghai contributed \$19,569.56."

FRANCO-JAPANESE BANK.

THE new Franco-Japanese Bank has opened for business. A leading part in its organization was taken by the Industrial Bank of Japan, and other Japanese banks interested include the Yokohama Specie Bank, Hypothec Bank, Mitsui Bank, Mitsui-Bishi Ginko and the First Bank. The Société Générale and the Banque de Paris et des Pays Bas represent the French interests.

The capital of the bank will be about \$5,000,000, and the institution besides doing an ordinary banking business, is empowered to engage in farming and manufacturing.

THERE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalaajara, Durango and others.

Manuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, Mgr.

—CORRESPONDENCE IS INVITED—

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. MEXICO, D. F.

President—**F. PIMENTEL Y FAGOAGA**

1st Vice-Pres.—**P. MACEDO**

2nd Vice-Pres.—**LUIS BARROSO ARIAS**

MINING BANK IN CHINA.

CHINESE merchants have asked the president of the Bureau of Industry at Wuchang to permit them to establish a mining bank with \$1,500,000 (gold) capital to be raised by collecting shares.

LATIN AMERICA

BANKING IN THE WEST INDIES.

NEGOTIATIONS which were in progress some time ago for the absorption of the Colonial Bank, with its important interests in the West Indies by the Royal Bank of Canada, are called to mind by the half-yearly report of the Colonial Bank just issued.

NEW BANK BUILDING IN CHILE.

AT an estimated cost of \$100,000, the London and River Plate Bank of Valparaiso is erecting a new building. The first floor is to be used by the bank, and the upper stories for offices. It is to be of reënforced concrete construction.

BAHIA TO BORROW \$50,000,000 FOR IMPROVEMENTS.

THE Governor of the state of Bahia has been empowered by the Chamber of Deputies and Senate to

contract an external loan of \$50,000,000. In addition to the liquidation of certain state debts this loan will be utilized for carrying out improvements in the capital and in the interior of the state, for the development of agriculture, the building of railways, improving navigation, etc. It has been decided to bring the town of Bahia completely up-to-date, both as regards sanitation and street improvements, and in drawing up the plans Rio de Janeiro has been taken as the model.

AUSTRALASIA

COMMERCIAL BANK OF AUSTRALIA, LIMITED.

THE Commercial Bank of Australia, Limited, has decided to extend its operations to New Zealand, and has secured premises at Wellington with a view of opening a branch there at an early date. The bank will thus be completely established throughout Australasia and New Zealand, branches being already open in all the Commonwealth States.

NATIONAL BANK OF AUSTRALASIA.

THIS institution's board of directors has decided to recommend, subject to usual audit, that the dividend on both preference and ordinary shares, for the half-year ended September 30, be at the rate of six per cent. per annum.

BOOK REVIEWS

FOREIGN EXCHANGE IN ACCOUNTS. By George Johnson. London: Effingham Wilson.

This book, by an English writer, deals with the treatment in accounts of foreign exchange in general, showing how foreign accounts are amalgamated with home accounts, and also treats of other practical details of foreign exchange.

BANKING LAW JOURNAL DIGEST. A Complete Digest of all the Legal Decisions, which have appeared in the Issues of the Banking Law Journal, from January, 1900, to June, 1912, inclusive. Edited by John Edson Brady of the New York Bar. Price \$3 per copy, postpaid.

The object of this digest, as stated in the preface, is to enable the banker to acquaint himself quickly and thoroughly with the law on questions which arise in his daily business transactions. It contains the digest of approximately

twenty-four hundred legal decisions, affecting the law of banking and negotiable instruments, from the State and federal courts of this country, which have been published in the Banking Law Journal during the past twelve and a half years, and is a handy book to have.

CAPITALIZATION: A BOOK ON CORPORATION FINANCE. By W. H. Lyon, Attorney-at-Law and Professor of Finance in the Amos Tuck School of Administration and Finance, Dartmouth College.

Few subjects relating to finance are more discussed to-day than that of capitalization of corporations. It is the aim of the author to give the fundamental principles underlying the issue of corporate securities and thus to aid in a clear comprehension of the matter. The treatise is a valuable contribution on an important subject.

BANKING RESOURCES SURPASS RECORDS

“BANKING resources of the United States during the past four years have exceeded by billions the record of any similar period in the history of the nation,” declared Lawrence O. Murray, comptroller of the currency, in a statement issued recently.

During the four years ending June, 1912, the resources of all banks in the country—national, State and private—increased from \$19,583,000,000 to \$24,986,000,000, or \$5,403,000,000. The nearest approach to this enormous figure was the \$4,413,000,000 increase for the four years ending June, 1904, as compared with the previous four-year period.

Individual deposits likewise broke all records, increasing from 1908 to 1912 by \$4,239,000,000. Loans and discounts also established a new record, increasing by \$3,515,000,000 since June, 1908.

The aggregate capital of the 7,400 national banks about equals the capital of the 22,000 State and private banks, the amount of the former being \$1,033,000,000 and the latter \$1,047,000,000.

Individual deposits in national banks are about half the amount in other banks. National banks hold sixty-three per cent. of the aggregate amount of cash in all banks.

"This is the most satisfactory summary of banking reports," said Mr. Murray, "ever compiled in the offices of the Comptroller of the Currency,

and by comparison with similar data for past years indicates an unprecedented growth in bank resources during the past four years."

AGGREGATE RESOURCES OF ALL REPORTING BANKS (NATIONAL STATE, SAVINGS, PRIVATE BANKS AND LOAN AND TRUST COMPANIES) AS OF JUNE 14, 1912

COMPTROLLER of the Currency Murray has completed a consolidated statement showing the principal items of resources and liabilities of all reporting national, State and private banks in the country.

Reports from the banks operating outside of the national system were obtained through the courtesy and assistance of the various State banking departments and by correspondence with individual banks.

The reports submitted by the banks show their condition at the close of business June 14, 1912. The banks reporting number 25,050, viz.: 7,372 national banks, 13,252 State banks, 1,925 savings banks, 1,091 private banks and 1,410 loan and trust companies, being 658 more banks than reported last year. There are about 3,950 banks, chiefly brokerage concerns, with an estimated capital of

sources aggregating \$24,955,000,000 against \$23,631,000,000 reported by 24,392 banks in June, 1911. Loans and discounts aggregate \$13,926,000,000 against \$13,046,400,000 in 1911, cash in banks \$1,572,600,000 against \$1,554,200,000 in 1911, capital \$2,001,800,000 against \$1,952,400,000 last year, and individual deposits \$17,012,000,000 against \$15,906,300,000. The increase in these items during the year is as follows: Loans and discounts, \$879,600,000 cash in banks, \$18,400,000; capital, \$49,400,000; deposits, \$1,105,700,000, and aggregate resources, \$1,324,000,000.

The following table shows the number of reporting banks and their principal items of resources and liabilities for the fiscal years 1911 and 1912, together with the increase during the year:

Items	1911	1912	Increase 1912 over 1911 (658 banks)
	24,392 banks	25,050 banks	
Loans and discounts	\$13,046,400,000	\$13,926,000,000	\$879,600,000
Cash in banks	1,554,200,000	1,572,600,000	18,400,000
Aggregate resources	23,631,000,000	24,955,000,000	1,324,000,000
Capital	1,952,400,000	2,001,800,000	49,400,000
Deposits (individual)	15,906,300,000	17,012,000,000	1,105,700,000

\$79,000,000, from which no reports can be obtained.

A summary of the reports of condition submitted by all these 25,050 banks as of June 14, 1912, shows re-

For the purpose of comparison, the following shows the number of banks, aggregate loans, capital, resources and deposits for the fiscal years 1908 to 1912, inclusive:

Year	No. of banks	Loans	Capital	Resources	Deposits
1908	21,346	\$10,437,960,000	\$1,757,100,000	\$19,583,400,000	\$12,784,500,000
1909	22,491	11,393,199,000	1,800,000,000	21,095,000,000	14,035,500,000
1910	23,095	12,521,781,000	1,879,900,000	22,450,300,000	15,283,300,000
1911	24,392	13,046,400,000	1,952,400,000	23,631,000,000	15,906,300,000
1912	25,050	13,926,000,000	2,001,800,000	24,955,000,000	17,012,000,000

BANKING AND FINANCIAL NOTES



Theobald B. Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$200,000

Surplus & Profits over 1,000,000

The Gateway to and Collection
 Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

EASTERN STATES

NEW YORK CITY

—Edwin W. Coggeshall has resigned as president of the Lawyers Title Insurance and Trust Company and has been elected chairman of the board of directors.

Louis V. Bright, for several years one of the company's vice-presidents, has been elected president, and Herbert E. Jackson has been advanced to the office of vice-president. Mr. Jackson will also continue as general manager of the company.

—It is said the Columbia-Knickerbocker Trust Company contemplates adding ten stories to its building at the northwest corner of Fifth avenue and Thirty-fourth street. The present structure, which was erected somewhat in advance of the big Fifth avenue movement, was planned originally to carry ten more stories should the

demands of the neighborhood ever warrant it. These plans will probably be executed, since the directors of the trust company wish to avail themselves of the great earning capacity of such a building.

—James Speyer, of the international banking house of Speyer & Co., does not talk for publication. From friends and business associates, however, to whom he has spoken since his return from Europe it was learned that he is more optimistic than ever over the financial and business outlook. Money was never in greater demand for legitimate commercial enterprises all over the world, he said. Particularly was that the case in Germany. So far as concerns the United States, Mr. Speyer is confident nothing can interfere with the prosperity ahead.

—On account of poor health, General Brayton Ives, who, although seventy-two years, has until recently been a factor in Wall street, resigned as president of the Metropolitan Trust Company, with which he had been associated in that capacity for over fifteen years.

Mr. Ives has had an interesting career. Before he was president of this company he had been president of the Western Bank, which was merged with the Bank of Commerce. He has also served as president of

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
 Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL
\$1,000,000

SURPLUS
\$1,000,000

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cash.

DIRECTORS

James McCutcheon Samuel Adams
Charles T. Wills William H. Gisham
Ruel W. Poor Morgan J. O'Brien
Thomas D. Adams



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the Northern Pacific Railway and as president of the New York Stock Exchange. He remains a director of the Metropolitan, president and director of the American Round Bale Press Company, a director of the Atlantic Safe Deposit Company, Barney Estate, National Bank of Commerce and the New Orleans, Mobile and Chicago Railroad. He is also president of the Hecker-Jones-Jewell Milling Company, the Kanona & Prattsburgh Railway, the Metcalf Land Company, the Northwestern Consolidated Milling Company and the Standard Milling Company. Mr. Ives is a veteran of the civil war.

—The North Side Bank of Brooklyn recently moved into its new home at the Williamsburg Bridge Plaza. Paul E. Bonner is president of this bank.

—American bankers have taken an increased interest in the National Railways of Mexico.

This fact was reflected by announcement that of the eight new directors recently elected to the board of the National Railways of Mexico three were Americans, representing some of the strongest banking interests in New York.

The new American directors to go on the board were Charles H. Sabin, of the Guaranty Trust Company; Paul M. War-

burg, of Kuhn, Loeb & Co., and H. H. Wehrhane, of Hallgarten & Co. The new Mexican interests elected as directors Andree Guieu, Elias S. A. Pugibet and Enrique Martinez Sobral.

The income account of the National Railways of Mexico for the fiscal year ended June 30 was announced and showed gross earnings of \$61,447,790 (Mexican currency). After allowing for all charges and disbursements, there was a surplus of \$215,128. On June 30 the company had a total surplus of \$567,052.

At a recent meeting of the board of directors of the Lincoln National Bank, General Thomas L. James tendered his resignation as president after thirty-one years of service, and was unanimously elected chairman of the board. Charles Elliot Warren, who had been successively assistant cashier, cashier, and vice-president of the institution, was elected to succeed General James as president.

—At a meeting of the board of directors of the Chase National Bank, October 31, Edward R. Tinker, Jr., formerly a member of the firm of Messrs. Rhoades & Co., was elected a vice-president of the bank.

Mr. Tinker was born at North Adams, Mass., in 1878. He graduated at Williams College, in the class of 1899, and in October

Richmond National Bank

Richmond, Virginia.



Capital
\$300,000

Surplus and Profits
\$1,438,000

OFFICERS

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

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for collecting Items
on Virginia and
the Carolinas

of the same year came to New York and entered the employ of Edward Sweet & Company as runner. In 1900 he was employed by Vermilye & Company as a clerk, and later became associated with William A. Read & Co. He remained with the latter firm as bond salesman until August,



EDWARD R. TINKER, JR.
RECENTLY ELECTED VICE-PRESIDENT, CHASE
NATIONAL BANK.

1907, when he entered the employ of Rhoades & Company and in January, 1908, became a member of this firm, then composed of John Harsen Rhoades as senior partner and A. Mitchell Hall, 2nd., who had become a junior partner a few months previously.

The rapid growth of Rhoades & Company dated from this association formed in 1907 and the policies adopted then will be continued by the original partners, Mr.

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Providence, R. I.

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FOR ALL DEPARTMENTS OF BANK ACCOUNTING



CHICAGO

BAKER-VAWTER COMPANY

HOLYOKE, MASS.



Rhoades and Mr. Hall, and by Mr. Brewster, who was admitted to partnership last spring. Mr. Tinker retires with the best wishes of this firm which appreciates the compliment of the Chase National Bank in selecting a vice-president from its organization.

There has been a vacant vice-presidency in the Chase National Bank since the election some time ago of Albert H. Wiggin to the presidency. The bank now has two vice-presidents—Samuel H. Miller and Mr. Tinker.

—The Transatlantic Trust Company has been appointed a depository for the New York State canal funds. This new institution has made gratifying progress since it opened for business on May 22 last. The company's deposits were \$2,302,310 on September 9, the date of the last bank call, and capital \$700,000, in addition to surplus and profits of \$339,863. Aggregate resources were \$3,346,599. The main office is at 67-69 William street, corner Cedar, and the company has an East Side branch at 207 Second avenue. The members of the executive staff are: Julius Pirnitzer, president; H. B. Fonda, vice-president; George Plochmann, treasurer, and Victor Ehrlicher, secretary. The board is composed of a group of representative bankers and includes: H. Rieman Duval, James G. Cannon, John W. Platten, Calvert Brewer, Stuvvesant Fish, Walther Luttgen, Henry H. Wehrhane, Clark Williams, Arpad G. Gerster, M. D., Gustave Leve, Morris Cukor, Arnold Somlyo, Walter G. Oakman, Hon. Alexander Von Nuber, Hans Winterfeldt and Julius Pirnitzer.

—Following the progressive policy of some of the leading corporations of the United States, Edwin S. Schenck, of the Citizens' Central National Bank, of New York, a few years ago offered its clerical staff a block of the bank stock at a favorable figure and allowed the clerks to make moderate monthly payments upon their subscriptions, Mr. Schenck having arranged

personally to carry the stock until paid for. The payments have now been completed and the stock has been distributed to the clerks.

—Lee Kohns of L. Straus & Sons has been elected a director of the Aetna National Bank.

—Horace F. Poor was elected a vice-president of the Lincoln Trust Company at a recent meeting of the directors. Mr. Poor will also continue as treasurer.

—Representation has been given to the new interests which have come into the Empire Trust Company in the election of the following new members to the company's board of directors: T. Coleman du Pont, president of the E. I. du Pont de Nemours Powder Company; Minor C. Keith, vice-president of the United Fruit Company, and Ward E. Pearson, son of Dr. F. S. Pearson, head of the Pearson-Farquhar syndicate of South American capitalists. The new interests became associated with the company at the time its capital was increased in August from \$1,000,000 to \$1,500,000.

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DESCRIPTION FOR GENTLEMEN

126 WEST 42ND STREET
NEW YORK

Merchants National Bank

Boston, Mass.

STATEMENT OF CONDITION NOV. 4, 1912

Resources	
Loans	\$19,830,036.92
Investments	3,926,796.61
Cash and due from Banks	11,039,995.74
	<u>\$34,796,829.27</u>

Liabilities	
Capital Stock	\$3,000,000.00
Surplus and Profits	3,681,596.67
Circulation	1,471,960.00
Deposits	26,643,272.60
	<u>\$34,796,829.27</u>

Officers

EUGENE V. R. THAYER, President
 ALFRED L. RIPLEY, First Vice-Pres.
 A. P. WEEKS, Vice-Pres. and Cashier
 FREDERICK C. WAITE, Asst. Cashier
 WILLIAM F. BURDETT, Asst. Cashier

Directors

Howard Stockton Eugene V. R. Thayer
 Francis L. Higginson Henry Parkman
 Charles W. Amory James L. Richards
 Geo. P. Gardner C. Minot Weld
 Timothy F. Byrnes Robert S. Bradley
 George Wigglesworth Alfred L. Ripley

With ample resources the Merchants National Bank possesses all the facilities for the prompt and careful handling of all business entrusted to it.

—A report that the Bank of New York, Mechanics and Metals National Bank and the Fourth National Bank were about to consolidate has been denied.

—Westinghouse, Church, Kerr & Co., Inc., have secured for their iron and steel works department, Pittsburgh, Pa., the services of Walter Rachals, who has resigned his position in charge of Julian Kennedy's engineering office. Mr. Rachals has been connected with the iron and steel business in the United States since 1895, and was chief engineer of the National Steel Company until this concern was consolidated with the Carnegie Steel Company.

BOSTON

—Although only occupying its new home but a short time, the First National Bank, which recently erected an addition to its building, so as to increase its facilities for handling new business, has just completed and occupied a section of the new structure. The building is ten stories high and the bank will occupy the first four floors.

The bank is one of the country's leading financial institutions, having deposits of more than \$76,000,000 and total resources of \$94,000,000. Its capital stock is \$5,000,-

000, and its surplus and undivided profits at the time of its last statement, September 4, stood at \$10,709,899, so that, including the stockholders' additional liability of \$5,000,000, the deposits are guaranteed by stockholders' money to the amount of more than \$20,000,000. While a reserve fund of 25 per cent. of net deposits is required by law, the bank, as further precaution, carries a large part of its loans on demand, which are convertible into cash at short notice. On the last call of the Comptroller these demand loans aggregated \$18,500,000.

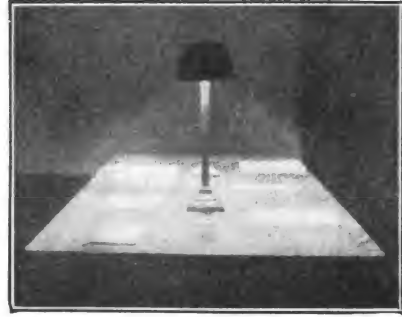
—I. Tucker Burr has been elected to fill a vacancy on the board of the Commonwealth Trust Company.

—William F. Edlefson, late assistant cashier of the Eliot National Bank, has become an assistant cashier of the First National Bank of Boston.

—A convenient "Chapter Calendar" listing the business of the last and next month is to be issued regularly hereafter by the Boston chapter of the American Institute of Banking. Robert H. Bean, the well-known president of this chapter, states it is published, first, to avoid issuing a lot of individual notices of meetings to be held during the month; second, to provide a

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Toronto		Montreal		Winnipeg		Vancouver	

medium through which every chairman may speak directly to every member of the chapter, and third, to present in a uniform dress the current history of Boston Chapter as it is made from month to month.

The first regular issue is a well-arranged pamphlet.

—Following closely upon the publication of the report that Edmund Billings and interests connected with him had purchased control of the stock of the Paul Revere Trust Company, comes the announcement of a change in the official body of the company, as follows: Edmund Billings, president; J. H. Turnbull, vice-president; James Jackson, vice-president, and Wallace H. Pratt, secretary and treasurer. Mr. Turnbull has been an official in the Federal Trust Company for a number of years; Mr. Jackson was formerly with Lee, Higginson & Co., while Mr. Pratt has been secretary of the Paul Revere Trust Company since its incorporation and previous to that time was with the United States Trust Company.

—With the ratification of the stockholders the consolidation of the Eliot National Bank with the National Shawmut Bank is entirely consummated.

The combination serves to add nearly \$10,000,000 to the deposits of the National Shawmut Bank, which in the report to the

Comptroller on September 4 amounted to \$81,702,062. The deposits of the Eliot National Bank under that call were \$9,761,266, while its resources on that date reached \$13,149,206. The Eliot National had a paid-in capital of \$1,000,000, a surplus fund of a like figure and undivided profits of \$384,139. Harry L. Burrage, president of the Eliot National, will become a vice-president of the National Shawmut Bank. The Eliot National began business in 1853; its capital, originally \$300,000, was increased to \$600,000 in 1854, and to \$1,000,000 (the amount at the time of the consolidation) in 1864. The merger of these institutions now makes the National Shawmut Bank the largest bank in New England and one of the largest in the country.

—Waldo F. Glidden, assistant treasurer of the American Trust Company, has been elected treasurer to succeed J. J. Oldfield, who died last December. A newly-elected director of the company is John E. Liggett, vice-president of the State Trust Company of Augusta, Me., and a director of the Maine Central Railroad.

—As mentioned in the last issue of THE BANKERS MAGAZINE the Paul Revere Trust Company has during the past month moved from its old location on Washington street to a site close to the financial district

KINGS COUNTY TRUST COMPANY

City of New York, Borough of Brooklyn

Capital, Surplus and Undivided Profits Over \$2,750,000

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JULIAN D. FAIRCHILD, President
JULIAN P. FAIRCHILD, } Vice-Presidents
WILLIAM HARKNESS, }
D. W. McWILLIAMS,

THOMAS BLAKE, Secretary
WILLIAM J. WASON, JR., Asst. Sec'y
J. NORMAN CARPENTER, Trust Officer
GEORGE V. BROWER, Counsel

TRUSTEES

E. C. BLUM
WALTER E. BEDELL
GEO. V. BROWER
FREDERICK L. CRANFORD
ROBERT A. DRYSDALE
ROSSELL ELDRIDGE
JULIAN D. FAIRCHILD
JULIAN P. FAIRCHILD

JOSEPH P. GRACE
WILLIAM HARKNESS
JOSEPH HUBER
H. K. KNAPP
WHITMAN W. KENYON
JOSEPH LIEBMANN
D. W. McWILLIAMS
JOHN McNAMEE

HENRY A. MEYER
CHARLES A. O'DONOHUE
CHARLES E. PERKINS
DICK S. RAMSAY
H. B. SCHARMANN
OSWALD W. UHL
JOHN T. UNDERWOOD
W. M. VAN ANDEN

JOHN J. WILLIAMS

LLEWELLYN A. WRAY

ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS

of the city, at No. 54 Devonshire street. The building now occupied has been faced for the first two stories with Tennessee marble and a striking entrance has been provided, with a medallion of Paul Revere on his memorable ride, carved in marble over the doorway. Inside the banking

is expected that the Paul Revere Trust Co. will fill a much larger place than heretofore in the business life of the city.

PHILADELPHIA

—Antoine Bournonville has been elected a director of the National Bank of the Northern Liberties. Joseph Moore, Jr., president of the bank, has become vice-president of the County Fire Insurance Company. He takes the place of his brother, the late Alfred Fidler Moore, whom Mr. Bournonville succeeds in the directorate of the bank.

—Humbert B. Powell has been elected to the directorate of the German-American Title and Trust Company to succeed Samuel Biddle, resigned.

—Adding \$100,000 recently to surplus account, that item in the Market Street National Bank now is \$1,100,000.

—An unusual distinction was attained the past month by Samuel D. Jordon, cashier of the Bank of North America, through his completing fifty years of service with that institution.

—Edward E. Rhodes, vice-president of the Mutual Benefit Life Insurance Company, has been elected a director in the National State Bank, Newark, N. J., to succeed Clarence H. Bissell, deceased.

—On the completion of its first month's business on November 1, the deposits of the Ventnor City, N. J., National Bank aggregated \$53,000.

—R. A. J. Hewat, vice-president of the North Adams Trust Company of North Adams, Mass., was elected president of the institution recently to succeed the late Col.



BUILDING OCCUPIED BY PAUL REVERE TRUST CO., BOSTON

rooms the counters are of Formosa marble with black marble base and mahogany woodwork, with plate glass screen. The furniture is of mahogany of special design. The electric lighting is on the new indirect system, with handsome imported alabaster fixtures. A commodious directors' room, locker-room, etc., have been provided on the second floor. Under its new regime it



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Frank S. Richardson. C. H. Cutting was elected to take Mr. Hewat's place as vice-president.

—There has been a strong banking business organized at Meriden, Conn., under the title of the Puritan Trust Company. Gilbert Rogers is president and the completion of its first month's business indicates healthy progress.

—A new branch of the Woonsocket Trust Company, Providence, R. I., has been opened in that city.

—At a recent meeting of the newly organized Penn Counties Trust Company, Allentown, Pa., the following were elected directors to serve until the annual meeting of 1914: George E. Blakeslee, Henry W. Bloss, William F. Brobst, A. J. Buckley, Max S. Erdman, John Graeflin, Charles S. Geisinger, Francis J. Gildner, W. J. W. Groves, Nathan A. Haas, Charles C. Kaiser, Martin E. Kern, Hon. Ellsworth G. M. Kuhns, John H. McDermott, Joseph S. Mack, Harry A. Muschlitz, Frank L. Phillips, Lawrence H. Rupp, Henry B. Schadt, Harry B. Schall, Oscar H. Trexler and L. H. Yeager.

Immediately after the election of the directors they proceeded to the election of the permanent officers, who were chosen as

follows: Lawrence H. Rupp, president; Martin E. Kern, first vice-president; Charles C. Kaiser, second vice-president; Hon. Claude T. Reno, secretary and treasurer; and Francis G. Lewis, trust officer.

—One of the strongest trust and banking companies in Eastern Massachusetts is the Newton Trust Company of Newton, which reports capital, surplus and undivided profits of \$476,240, with total resources of over \$3,000,000.

—Succeeding the late John G. Jennings, Robert J. Davidson, vice-president of the Columbia National Bank, Pittsburgh, Pa., has been elected to the presidency of that institution. Mr. Davidson's selection for this important position comes after many years of experience in Pittsburgh banking.

—An important bank change has taken place in Gloucester, Mass. The Gloucester Safe Deposit Co. has purchased the business and good will of the City National Bank of that city. This will make a banking institution with deposits of \$4,000,000. The City National Bank will be liquidated.

—For nearly fifty years engaged in banking at Springfield, Mass., Dustin A. Folsom, manager of the Union Trust Company in that city, has resigned in order to retire from active business.



E. G. ALCORN
President

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SOUTHERN STATES

—Following is the purpose of the committee on Agricultural Development and Education in the South Carolina Bankers Association as outlined by Robert I. Woodside, chairman, at a meeting held in Columbia recently:

It is not the intention of the bankers to undertake to become educators of the farmers, but it is their purpose to emphasize the practical educational ideas which are already in force throughout this country. It is their purpose also to co-operate in every way possible in the betterment of agricultural conditions and to develop scientific farm management, pointing out the superior advantages of intensive farming and the proper diversification of crops.

The American Bankers' Association and practically every State bankers' association of the union have appointed committees on agricultural development and education and much interest and enthusiasm is being manifested in this connection. These committees are taking up the work in their respective States, and it is believed that much material good will result. Certainly there is a great work to be done.

The combined efforts in encouraging better farm conditions and better farming methods will mean bigger agricultural production, and with this comes prosperity, not only to the farmer but to business generally. It is a fact that 90 per cent. of the people of the United States are being educated to become consumers while 10 per cent. are being educated as producers. A realization of what this will result in is what makes the bankers' associations throughout the country take up this important question.

—At an estimated cost of \$250,000, the First National Bank of Huntington, W. Va., is erecting what is said to be one of the most modern banking homes in the South.

—On November 9, Group 5 of the Virginia Bankers' Association, composed of a hundred Southwest Virginia banks, held its annual meeting at Bristol. A business session was held in the afternoon, and another in the evening, followed by the annual banquet, at the conclusion of which these

officers were elected: J. B. Perry, cashier of the Floyd County Bank, Floyd, Va., chairman; C. W. Beerbower, auditor of the National Exchange Bank of Roanoke, re-elected secretary-treasurer.

—There is to be another large bank building erected at Savannah, Ga. The Peoples Bank of that city is soon to commence the erection of a modern home.



NEW BANK AND OFFICE BUILDING IN COURSE OF CONSTRUCTION FOR THE CITIZENS NATIONAL BANK, RALEIGH, N. C.

—Above is an illustration of the fine new bank and office building now under construction for the Citizens National Bank, Raleigh, N. C.

Under the careful and able management of Joseph G. Brown, its president, the Citizens National Bank has grown to be one

Chauf'eur's Complete Outfit Sacrificed

Consisting elegant mink fur lined coat, Persian lamb collar, \$35; pair of elegant bear robes, \$15 each; raccoon cap, \$5; pair of fur gloves, \$4; pair of goggles, 50 cents; one pair leather leggings, \$3.50. Will sell separately or the lot; all new, never worn. Original price, \$225.

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REFERENCES

Do not judge a man's ability by what he says—but what he has done for others

BANKERS TRUST CO., New York. GUARANTY TRUST CO., New York. AMERICAN EXCHANGE NATIONAL BANK, New York. FOURTH NATIONAL BANK, New York. FIFTH NATIONAL BANK, New York. MARINE NATIONAL BANK, Buffalo. MUTUAL LIFE ASSURANCE	WHITNEY CENTRAL NATIONAL BANK, New Orleans. ESSEX COUNTY NATIONAL BANK, Newark. FIRE ASSOCIATION OF PHILADELPHIA. SECOND NATIONAL BANK, Boston. COMPANY OF CANADA.
---	--

of the notably strong and successful banks in the country, and its new building is a fitting evidence of deserved prosperity.

—In his annual report for the fiscal year ending August 31, 1912, which only recently was transmitted to the Governor, B. L. Gill, Commissioner of Insurance and Banking in the State of Texas, recommends an increase of commissioner's salaries, stopping overdrafts and abolishing private banks.

—In a statement from Richmond, Va., there comes the information that another trust company is in process of organization in that city, with a capital and surplus of

\$1,000,000 each. W. M. Habliston, chairman of the board of directors of the First National Bank of Richmond, it is intimated, will guide the affairs of the new institution as president. The title which the company will bear has not yet been announced, but the date of its opening is given as February. Mr. Habliston is quoted as saying that the plans for the formation of the new trust company have not yet been entirely completed, and that, pending the consummation of the details, he prefers to make no statement for publication.

—In the September number of the Bankers Directory, published by The Bankers Publishing Company, in the report of the Atlantic National Bank, Jacksonville, Fla., the "Cash and Due from Banks" item, from the printed "Condensed Statement of Condition at the Close of Business, April 18, 1912," was erroneously listed as \$514,824.67 instead of \$1,514,824.67.

To correct this mistake as much as possible, which, needless to say, was not only unintentional but is deeply regretted, we print herewith the last statement of September 4, showing the condition of the bank at present:

Resources.

Loans and discounts	\$4,280,300.75
Overdrafts	1,260.57
Banking house, furniture and fixtures	249,647.47
U. S. bonds	417,000.00
County and city bonds	346,806.11
Cash and due from other banks	1,606,739.02
Total	\$6,901,753.92

Liabilities.

Capital stock paid in	\$350,000.00
Surplus	500,000.00
Undivided profits	233,214.97
Circulation	350,000.00
Deposits	5,203,038.95
Bills payable	250,000.00
Bond account	15,500.00
Total	\$6,901,753.92



NEW HOME OF THE COMMERCIAL NATIONAL BANK, RALEIGH, N. C.

—In Lexington, Ky., the Fayette National Bank is planning to construct a fifteen-story bank and office building.

—Richmond's (Va.) newest financial institution, the Richmond Trust and Savings Company, opened for business November 1 with a capitalization of \$1,000,000. This is the bank which was organized by John Skelton Williams, who is the president. The other officers are: James G. Tinsley, first vice-president; E. L. Bemiss, second vice-president; R. J. Willingham, Jr., assistant secretary and assistant treasurer. The stock offering was largely oversubscribed.



ATLANTIC TRUST AND BANKING COMPANY,
WILMINGTON, N. C.

—Herewith is a view of the new building being erected for the branch of the Citizens and Southern Bank at Augusta, Ga. This



CITIZENS AND SOUTHERN BANK, AUGUSTA, GA.

institution, whose main office is in Savannah, has a reputation as one of the soundest banks in the South.

—To take care of its rapidly increasing business, the Peoples Bank, Jacksonville, Fla., are enlarging its fine banking room.

—An amendment to its charter has been filed by the Continental Trust Company, Waco, Texas, changing its name to the Cattleman's Trust Company and its location to Fort Worth.

WESTERN STATES

CHICAGO

—It is understood that directors of the State Bank of Chicago have informally discussed increasing the capital stock of the bank from \$1,500,000 to \$2,000,000. It is planned to offer the stock to shareholders at 200. The increase in capital will be thirty three and one-third per cent.

—The Central Trust Company of Illinois has issued a pamphlet showing the enormous growth made by Chicago banks in the past sixteen years. The expansion since 1896 has been steady. The growth of deposits of the national banks is very large, but is even more pronounced in the State institutions.

The Union National Bank

CAPITAL \$1,600,000.00 **Cleveland, O.** SURPLUS AND PROFITS \$1,000,000.00

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. C. SAUNDERS, Asst. Cashier

W. E. WARD, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

—Joseph I. Cooper was recently elected cashier of the Illinois Trust and Savings Bank, succeeding Bertram M. Chattell, who died recently.

In the sixteen years under review the deposits in national banks of the city have increased from \$120,187,765 to \$487,757,762, a gain of \$367,569,997, or 305 per cent. The State banks have added largely to their deposits, bringing the total from \$80,843,075 to \$519,956,261, a gain of \$439,113,186, or 543 per cent. The combined figures show a gain from \$201,030,840 to \$1,007,714,023, or slightly over 400 per cent.

—Official recognition of faithful service was extended to two of the employees of the Merchants Loan and Trust Company at the regular meeting of the board of directors on November 6. John J. Geddes was elected an assistant cashier and A. Leonard Johnson, assistant secretary. Both of these men have been connected with the bank for a good many years and well deserve their promotion. The Merchants' Loan and Trust Company is the oldest bank in Chicago, and its present position is a strong one, as proved by its last statement herewith:

Resources.

Loans and discounts	\$33,013,791
Bonds and mortgages	10,527,540
Due from banks and bankers	\$15,603,315
Cash and checks for clearing house.....	\$678,030-25,281,345
	\$68,822,676

Liabilities.

Capital stock	\$3,000,000
Surplus fund	6,000,000
Undivided profits	649,802
Reserved for accrued interest and taxes	115,163
Deposits	59,057,711
	\$68,822,676

—Excellent work along educational lines is being done by Chicago Chapter of the American Institute of Banking, as may be seen from the outline of its activities for

the past three months, furnished by Thomas J. Nugent.

The policy followed this year is to give specific instruction in commercial and banking law, rhetoric and composition, and effective speaking through class room instruction and professional teachers; and general knowledge upon current topics through lectures and addresses by prominent speakers and leaders. Following the policy outlined, the commercial and banking law class has been organized under the direction of James I. Ennis, I.L.B., a law lecturer of known merit, approximately three hundred enrolling for the course. That portion of the law pertaining particularly to banking will be covered. The rhetoric and composition class, with Professor Halsey Matteson as instructor, enrolled two hundred and fifty members. The effective speaking class, aiming to give practical experience to each member, has been organized under the guidance and instruction of Professor Kline. This gives three classes a week and a splendid opportunity to acquire valuable knowledge. Thus far this year the following addresses have been made before the chapter at the general meetings: Malcolm MacDowell of the Central Trust Company, Chicago, opened the season with a talk full of some good sound practical hints and advice toward success; Walter D. Moody, managing director of the Chicago Plan Association, on October 8 spoke on "Chicago Beautiful," the plans and prospects of the association and the wonderful and enchanting future of the city; Captain P. D. O'Brien of the local detective force on the following meeting night told of the methods, haunts and capture of criminals and related some entertaining experiences; on November 12 Foster S. Nims of the Western Bank Note Company in an unusually inspiring and interesting address spoke on a few elements of success. He urged good books and stated that not only was energy and capability necessary for success, but enthusiasm must also be included and that the higher up a man rose through bluff the harder would be his inevitable fall.

Capital - \$2,500,000.00

**FIRST
NATIONAL
BANK**

Deposits, \$32,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,593,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

Dances, smokers, stags and other forms of light amusement supply the necessary elements of relaxation and sociability.

The greatest evidence, however, of the results obtained by the institute is demonstrated by the efficiency with which the business and detail of the organization is conducted.

That the institute is performing a meritorious mission and exerting a great influence on the future of banking in this country is evident and is hoped that the banks and bank officers will continue to lend their best support to the furtherance of its aims and object.

MINNEAPOLIS AND ST. PAUL

—Upon his return from Montana recently, F. E. Anderson, a representative of large banking interests in Minneapolis, said that the possibilities for wealth in that State were stupendous.

—Thomas B. Janney, second vice-president of the Farmers' and Mechanics' Savings Bank of Minneapolis, was elected president of the institution recently to succeed the late John De Laittre. W. G. Northrup was elected to replace Mr. Janney as vice-president. The presidency was offered to O. C. Wyman, first vice-president of the bank, but he declined because of pressure of business.

—At a recent meeting of the shareholders of the Second National Bank, St. Paul, William B. Dean was elected president to fill the vacancy created by the death of George C. Power, and Louis W. Hill was named vice-president, to succeed Mr. Dean. C. H. Buckley and Edwin Mott retain their positions of cashier and assistant cashier, respectively.

The board of directors was reduced in number from nine to five. The new directorate will comprise: James J. Hill, Louis W. Hill, William B. Dean, John J. Toomey and Charles H. Buckley.

—Consolidation of the National German American Bank with the Merchants National Bank of St. Paul, Minn., was consummated at a meeting of the board of directors, November 27. The title of the merged banks will be the Merchants National Bank, and business will be carried on in the building heretofore occupied by the National German American Bank.

The new officers are: Chairman of the board, George H. Prince; president, Donald S. Culver; vice-presidents, F. Weyerhaeuser, R. C. Lilly, H. Von der Weyer; cashier, M. Roy Knauff; assistant cashiers, H. Van Vleck, Gustav C. Zenzius, and J. O. Oace.

The twenty-six directors represent large and varied interests and great wealth.

Since the merger the Merchants National Bank has \$2,000,000 capital, \$2,000,000 surplus, and over \$20,000,000 deposits, making it rank among the largest banks of the Twin Cities.

—A banking commission to pass on all applications for bank charters is proposed by Kelsey S. Chase, State Superintendent of Banks of Minnesota, and will form the basis of a communication to the State Legislature. "There are enough banks in Minnesota now," says Mr. Chase, "and in



IF intelligent handling of items and low rates appeal to you send us your BUFFALO BUSINESS

Capital - - - - \$300,000.00
Surplus and Profits - - - 457,000.00
Deposits - - - - 6,290,000.00

A. D. BISSELL, President
C. E. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FEIL, Asst. Cashier

W. H. LEE, President
D. R. FRANCIS, Vice-President
A. L. SHAPLEIGH, Vice-President
GEO. E. HOFFMAN, Cashier

E. B. CLARE-AVERY, Assistant Cashier
J. P. BERGS, Assistant Cashier
D. A. PHILLIPS, Assistant Cashier
L. K. WISE, Assistant Cashier

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - - \$1,700,000.00
Surplus and Undivided Profits \$1,800,000.00

A COMMERCIAL BANK

Interviews and Correspondence Invited

DIRECTORS

JOSEPH R. BARROLL,
Butler Brothers.
J. S. BEMIS,
Treasurer Bemis Bro. Bag Co.
G. A. von BRECHT,
President The Brecht Co.
CHAS. A. COX,
President Cox and Gordon
Packing Co.
S. S. DE LANO,
Treasurer American Car and
Foundry Co.
D. R. FRANCIS,
Francis, Bros. & Co.
O. L. GARRISON,
Pres. Big Muddy Coal & Iron Co.

ELIAS S. GATCH,
President Granby Mining and
Smelting Co.
C. F. GAUSS,
Pres. Gauss-Langenberg Hat Co.
CECIL D. GREGG,
President Evans-Howard Fire
Brick Co.
Pres. C. D. Gregg Tea & Coffee Co.
GEO. E. HOFFMAN,
Cashier
S. E. HOFFMAN,
E. R. HOYT,
President Hoyt Metal Co.
W. H. LEE,
President.
B. MCKEEN,
Gen. Mgr. Vandalia R. R. Co.

C. W. MANSUR,
Secretary John Deere Plow Co.
JOHN J. O'FALLON,
O. H. PECKHAM,
President National Candy Co.
C. R. SCUDDER,
President Sam'l Cupples
Envelope Co.
A. L. SHAPLEIGH,
Treasurer Norvell-Shapleigh
Hardware Co.
J. J. WERTHEIMER,
President Wertheimer-Swartz
Shoe Co.
C. W. WHITELAW,
Pres. Polar Wave Ice & Fuel Co.

many instances the conditions would be materially improved if the number of banks should be reduced. I have no authority now to refuse a charter and don't care for any such authority, but the State should have a commission which should examine all applications and whenever the territory in which the bank is to be located will not support a bank on a conservative and legitimate banking basis the commission should have the authority to refuse a charter. There are many places now with two banks, that will be better off with one and there are some communities with a bank that really cannot give it support."

—Because of increased business and the need for more space, the First National Bank of Minneapolis will remove the wall separating the banking quarters and the offices of the Minneapolis Trust Company and utilize the entire building for banking purposes. According to F. M. Prince, president of the bank, a new building will be erected for the trust company. The arcade addition of the New York Life Building will be removed and this space will be improved with a handsome structure.

It is possible, according to Mr. Prince, that a part of the basement of the New York Life Building will be used as additional space for the trust company. Plans have not been

drawn yet, and Mr. Prince said that it had not been decided when the work will commence.

The Minneapolis Trust Company, according to officers, needs more room. Recently the company took over a space that was formerly occupied by a title insurance company.

—An interesting and valuable address on "Mortgage Banks" was delivered before the Minnesota Conservation and Agricultural Development Congress at Minneapolis on November 20 by George Woodruff, president of the First National Bank of Joliet, Ill.

—The Northwestern National Bank of Minneapolis has on display in its lobby, in the Information Department, a collection of various agricultural products, including the articles in their raw and manufactured states and the by-products. It is the aim of the bank, in this way, to give a practical illustration of some of the sources of our national wealth.

—An increase in capital stock from \$500,000 to \$750,000 will be made by the Des Moines National Bank on January 1, according to Arthur M. Reynolds, president of the institution. No definite action has

"A STRONG, LIVE, PROGRESSIVE INSTITUTION, OFFERING A SERVICE WHICH MEETS EVERY LEGITIMATE REQUIREMENT."

Capital,
\$2,000,000.00
Surplus,
\$1,000,000.00
Resources,
\$20,000,000.00

FIRST NATIONAL BANK RICHMOND VIRGINIA

W. M. HABLSTON,
Chairman of the Board.
JOHN B. PURCELL, President.
JNO. M. MILLER, Jr., Vice-Pres.
W. M. ADDISON, Cashier
C. R. BURNETT, Asst. Cashier
W. P. SHELTON, Asst. Cashier
ALEX. F. RYLAND, Asst. Cashier.
J. C. JOPLIN, Asst. Cashier.
O. S. MORTON, Asst. Cashier.
JOHN TYLER, Asst. Cashier.
W. H. SLAUGHTER, Asst. Cashier.

been taken by the directory board of the bank, but it is practically determined that the increase will be put through.

The increase is a result of the rapidly increasing business of the bank. During the last year, the deposits, which are now nearly \$6,500,000, have increased more than \$1,000,000.

—The controlling interest in the German Savings Bank of Des Moines, Ia., has been secured by John A. Cavanagh and other interests with which he is associated. J. H. Hogan, cashier of the bank, is one of the principals acting with Mr. Cavanagh. The bank has a capital of \$100,000. It is expected that Mr. Cavanagh will be elected president of the institution at the annual meeting in January. The present head of the bank, Jesse O. Wells, has served in the presidency since April, 1911. He is a son of former President L. J. Wells. The acquisition of a site for the erection of a new building for the institution is under consideration.

—On a tour of the United States, J. C. Isdahl, managing director of the Bergen Kreditbank, Bergen, one of the oldest banking institutions in Norway, has been in Portland, Ore., recently on a visit, accompanied by his son, J. C. Isdahl, Jr., who is employed by the Chase National Bank, of New York City, and who made the Lumbermens National Bank his headquarters in Portland. The Northwest has proved very interesting to the bankers, the lumbering business being a subject of special study, inasmuch as extensive lumbering is done in Norway.

—A charter has been issued by the Comptroller of the Currency to the Rideout Smith National Bank of Oroville, Cal., capital \$300,000, to succeed the commercial department of the State Bank of Rideout, Smith & Co.

—A meeting of the board of directors of the Mississippi Valley Trust Company, St. Louis, Mo., held October 23, 1912, elected

Charles Ellsworth Schaff, president of the Missouri, Kansas & Texas Railroad, a director, to fill the vacancy created last April by the death of Charles Clark, one of the incorporators of the company.

Mr. Schaff was born in Licking County, Ohio, and has been a railroad man all his life, commencing his career as water boy for a section gang of the Pennsylvania lines at fifty cents a day. He has been successively general manager of the Pennsylvania lines, vice-president of the New York Central lines west of Buffalo and president of the Missouri, Kansas & Texas Railroad.

—Springfield, Mo., has a new financial institution called the Woodruff Trust Company. The incorporators of the Woodruff Trust Company are: William L. Garrett, Frank E. Miller, Lewis Luster, Roy Cox and John T. Woodruff, these men also forming the directorate of the company, which has an authorized capitalization of \$200,000, with \$100,000 of that amount subscribed and paid up. It is planned to erect a modern building shortly.

—On November 1 the First Trust Company of Portland, Oregon, opened for business in its modern quarters at the corner of Third and Washington streets.

The offices have been splendidly equipped by the Oregon Cabinet and Fixture Company in a harmonious combination of metal, marble and mahogany, with heavy velvet carpets covering the entire space. The nature of the business to be transacted is that of investment banking and regular trust business.

In addition the company will act as executor, administrator, guardian and trustee, certify bond issues, conduct a real estate department, insurance department, legal department, financial department, audit department, handle rents, leases and furnish every class of safe investment.

Its president is H. N. Tinker; treasurer, J. M. Hawkins; secretary and real estate officer, R. N. Tufford; assistant secretary, Joseph H. Ferguson, and Z. W. Comme ford, manager of the insurance department.

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—When asked, recently, to express his ideas regarding what good the Investment Bankers' Association can accomplish in the way of safeguarding securities, Herbert Witherspoon, vice-president of the Spokane and Eastern Trust Company, Spokane, Wash., one of the strongest institutions on the Pacific Coast, said:

"One of the most important and far reaching objects of the Investment Bankers' Association of America is the safeguarding of securities offered to the investing public. With its high ideals as expressed in its constitution, the association can only produce greater confidence in the minds of the investors, and through organization and concentrated effort can secure more rigid laws regulating the issuance of bonds and preferred stocks that are now coming into favor by reason of the higher rate of income they bear.

"The security of corporation bonds is usually evidenced by a mortgage or deed of trust to a large responsible trust company, officered by men of high ideals who recognize and assume the moral responsibility of deciding whether an issue of bonds to which their company's name is to be attached, as trustee, is created for a legitimate purpose and is a reasonably safe investment or one that is created simply for the purpose of separating an unsuspecting investor from his money. The incorporation of companies with assets of questionable value is now permitted through the lax laws of many states.

"In my opinion the best safeguard that can be provided is a commission within each state which will approve the amount of securities, including both stocks and bonds

that may be issued by any corporation operating under State charter or a federal commission operating under a federal law to control the amount of securities which may be issued by corporations doing purely an interstate business. (This contemplates a federal charter for corporations doing an interstate business.)

"The Investment Bankers' Association can and will be of great and lasting economic good to the investing public by securing the passage of laws prohibiting the issuance of securities of doubtful value as well as standardizing municipal and public service bonds.

"The present time may not be propitious for such radical legislation but I believe ultimately such laws will be approved by the investment bankers, the corporations and the investing public. Such supervision will assure a vast increase in the number of small investors and give us the same reputation for saving and thrift that France, Germany, and Holland enjoy to-day."

—At the meeting of the Indiana Bankers' Association, held at Indianapolis, Ind., presided over by the newly elected president, J. L. McCulloch of Marion, Earl S. Gwin of New Albany, the retiring president, was given a new honor by being made a member-at-large of the council of administration.

—Succeeding Ben E. W. Ruler, who has been president of the West St. Louis Trust Company, St. Louis, Mo., since its organization in 1906, Conway Elder of that city was recently elected president.

Mr. Elder has been a director, vice-president and counsel of the company for some time past and has had a wide trust company experience in St. Louis, having been connected with the Lincoln Trust Company, the Missouri-Lincoln Trust Company and Lincoln Trust and Title Company in various capacities, including those of attorney and trust officer. He resigned his position with the latter company in 1908 to enter upon the general practice of the law.

Mr. Elder will assume his new duties at once in connection with his law practice, and will at the same time continue to act as counsel for the company. At the age of thirty-one years he bears the distinction

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PITTSBURGH, PA.

OFFICERS

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when selecting a
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Correspondent

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D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Capital - - \$600,000.00
Surplus and Undivided Profit 1,648,824.43

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

of being the youngest bank and trust company president in the city.

Other officers elected were: Jacob Maurer, first vice-president; William Gilker, second vice-president; Gustav Petzold, third vice-president, and A. F. Lauman, secretary and treasurer.

—A new banking home will soon be erected by the Boone County National Bank, Columbia, Mo. The Boone County National Bank is the oldest national bank in Missouri, having received its charter before any bank in St. Louis or Kansas City, and its president, R. B. Price, is the oldest banker, in point of continuous service, in the State of Missouri, having occupied the position of cashier or president since 1858.

—Sacramento's, Cal., oldest bank, the National Bank of D. O. Mills & Company, recently opened for business in its fine new modern home at the corner of Seventh and J streets.

—At a recent meeting, officers and directors of the Carson Valley Bank, Carson City, Nevada, and the First National Bank, Winnemucca, Nevada, were changed and added to as follows: George Wingfield was elected president and a director of the First National Bank of Winnemucca and A. D. Dern, assistant cashier. The board of directors was increased from five to seven shareholders by the addition of J. G. Taylor of Lovelock, Nevada, and G. E. Stall of Winnemucca.

Mr. Wingfield was also elected a director and president of the Carson Valley Bank. The recent statements of these two institutions show each to be in a healthy financial condition.

—At the recent meeting of the Arizona Bankers' Association, held at Tucson, these officers were elected: Emil Ganz, president National Bank of Arizona, president; Albert Steinfeld, president of the Consolidated National Bank of Tucson, first vice-

president; Mayor Lloyd B. Christy, cashier Valley Bank, Phoenix, treasurer, (re-elected); Morris Goldwater, mayor of Prescott and president of the Commercial Trust Company of that city, secretary, (re-election).

—At Columbus, O., the new First National Bank reports a good showing in the earnings on its shares. Its stockholders have just received checks for their regular semi-annual dividend of five per cent., together with an extra payment of five per cent, making the fourth consecutive dividend of this amount. This is the thirty-fifth semi-annual dividend of the institution and the second extra dividend of five per cent. this year, the other one having been paid in May, making a return of twenty per cent. on the shares of the bank during the present year. The total of dividends paid out to its stockholders by the bank since its organization totals \$804,000, leaving a surplus and undivided profit account of \$400,000.

—Two additional vice-presidents were elected recently by the directors of the Old Detroit, National Bank, Detroit, Mich.

John Ballantyne, manager of the bank's credit department for two years, and Charles A. Dean were selected for the positions.

As manager of the credit department, in which work he will for the present continue, Mr. Ballantyne has wide acquaintance with the industrial, mercantile and commercial interests of the city. He entered the banking business in Great Britain and before joining the Old Detroit National Bank was manager of the Detroit branch of the Wilbur Mercantile agency and still earlier was connected with R. G. Dun & Co.

Charles A. Dean has been a director of the Old Detroit National for many years. He is president of the Pittmans & Dean Co., vice-president of the Detroit Savings Bank and a director of the Highland Park State Bank.

Announcement

The year 1913 will mark the Fiftieth Anniversary of the establishment of the National Banking System.

To fittingly commemorate this

Semi-Centennial of the National Banks

THE BANKERS MAGAZINE will, early next year, issue a special number devoted to the origin, progress and present position of the National Banks of the United States.

ARTICLES will be contributed by statesmen, bankers and financial authorities. The development of every phase of National Banking will be covered.

STATE Banks, Savings Banks and Trust Companies will also be included in this summary, making it a valuable epitome of the

Progress of Banking in the United States

Further details regarding this very important special issue will be given in later issues of the Bankers Magazine

Capital - \$6,000,000

Surplus - \$6,000,000



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and City of New York**

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

GATES W. McGARRAH, President.
ALEXANDER E. ORR, Vice-President.
NICHOLAS F. PALMER, Vice-President.
FREDERIC W. ALLEN, Vice-President.
FRANK O. ROE, Vice-President.

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

CANADIAN NOTES

—A branch of the Bank of Montreal has been opened at Lachine, P. Q., with G. S. A. Oliver in charge.

—H. B. Walker, manager of the Canadian Bank of Commerce, Montreal, has been elected a member of the council in the Montreal Board of Trade, succeeding James Elmsly, resigned.

—At Windsor, Ont., the Bank of Montreal has opened a branch under the management of F. W. B. Moore.

—Announcement has just been made by the Bank of British North America that James Anderson was appointed superintendent of branches in succession to H. B. Mackenzie recently appointed general manager.

—A group of Canadian financiers have taken an option on the majority of stock in La Banque Internationale. The price offered is six dollars per ten-dollar share. All French shareholders have been offered this for their holdings, but only twenty-six thousand shares have accepted. The balance under option in Canada makes up control.

The plan is to change completely the directorate of the company. Their entire holdings will be bought and they will probably retire from the board. The bank will be made English and the control kept in Canada.

—President John Galt, of the Union Bank of Canada, presides over an institution with two hundred and sixty branches in the Dominion, extending from Halifax to Prince Rupert, and offering excellent facilities for the transaction of every description of banking business. It has correspondents in all cities of importance throughout Canada, the United States, the Continent of Europe, and the British Colonies.

—Application will be made to the Dominion Parliament for permission to incorporate the Bankers Trust Company with power to take over the business of the Bankers Trust Corporation, which was incorporated under the statutes of British Columbia. The head office of the Bankers Trust Corporation is in Victoria.

—After forty-three years' service with the Bank of British North America, H. Stikeman retired from the general management of that bank on the last day of October. H. B. Mackenzie, superintendent of branches at Montreal, has been appointed general manager.

—A branch of the Canadian Bank of Commerce has been opened at Vulcan, Alberta, under the temporary management of A. H. Andrews.

—Directors of the Bank of Toronto have declared a bonus of one per cent. in addition to the regular quarterly dividend of two and three-quarters per cent. for the current quarter. This will make a total disbursement to stockholders of twelve per cent. for the year. This has apparently been a prosperous year for Canadian banks, the Bank of Toronto being the third to announce a bonus. The Bank of Montreal and the Commerce have both paid a bonus at the same rate.

—At the dedication of the new Canadian branch of the Commerce Bank Building at Winnipeg, Sir Edmund Walker, the president, said: "There is ample British capital for legitimate investment in Canada. That there has been curtailment in volume of English money does not mean an impaired Canadian credit. Credit of Canadian municipalities is excellent. They have been getting loans at exceptionally low interest, and have thrown so large a volume of securities on the British market that the inevitable was bound to happen. I apprehend that Canadian cities and towns will

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Immigration is not ceasing. On the contrary it is *INCREASING* and so is our *FOREIGN TRADE*.

Immigrants bring in money of *THEIR* own country and in most cases such money is as good as *AMERICAN MONEY*

EVERY KIND OF MONEY IS USEFUL and its value should be known everywhere.

Every district in the country is trying to push the *exports* of *American Goods* to *all countries* over the world. *Knowledge of Foreign Currencies* and *Exchange* is *indispensable* if an intelligent competition is to be sustained abroad.

The time when we *knew* what we wanted to *sell* *has passed*. We must now *know* what *we can sell* and *how we can sell* it. We must meet the competition of all other countries and we *must know* the requirements of *our buyers*. If we *don't know* anything about *their money* we will not be able to maintain the commercial struggle.

Theoretical books will teach you *more than you care to learn* for *practical* use, will absorb your time and may confuse you with the study of monetary problems. Such books are expensive, costing all the way from \$2 to \$10.

Our tables

“Foreign Currencies”

and

“Foreign Exchange Rates”

will acquaint you with *all* you need to know about currency and exchange rates of *all commercial countries* in *six pages*. And they cost *ONLY FIFTY CENTS* each (postpaid).

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THE BANKERS PUBLISHING COMPANY
FOREIGN DEPARTMENT

253 Broadway - - - New York City

have to pay higher interest in future, but there will be abundant money for legitimate needs."

—Moncton, N. B., is to have another bank. A branch of the Canadian Bank of Commerce is to be opened there shortly.

—There is no truth in the rumor that the Metropolitan Bank is going to absorb the Banque Internationale, according to S. J. Moore, president of the Metropolitan Bank, who is quoted as follows:

"There is no ground for the rumor that the Metropolitan Bank has absorbed, or is likely to absorb, the Banque Internationale. Some time ago there were negotiations of that character, but they did not reach the stage where they could be seriously considered by the directors of the Metropolitan Bank, and it is not at all likely that they will be renewed."

—At a meeting of the directors of the Montreal City and District Savings Bank, held recently at Montreal, Hon. Senator Robert Mackay was elected vice-president of the bank.

—Two hundred and thirty-five thousand dollars was involved in the purchase of the Traders' Bank site at Winnipeg by the

Bank of Hochelaga. This bank will move into their new premises as soon as they can complete arrangements.

—Counterfeit Dominion two dollar bills are being circulated in Galt, Ont.

The counterfeit bills are a good likeness of the legal paper money and they could be easily passed. The black printing on them is a little light in impression to that of the legal bill and the red numbers, which are on every bill, are a darker red than the original. Where the bills are coming from it has not been possible to find out.

—The Bank of Toronto has opened branches at Assiniboia and Lemberg, Saskatchewan.

—J. Y. Paysant, president of the Bank of Nova Scotia, confirms the statement that the merger of the Bank of Nova Scotia and the Bank of New Brunswick has been put through by the boards of directors of both banks and will become effective as soon as the legal formalities leading up to meetings of the shareholders of both banks have been complied with. Mr. Paysant says there will be a new issue of stock by the Bank of Nova Scotia, the terms of the merger being share for share, with \$10 cash to each share of Bank of New Brunswick stock.

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THE treatment of the subject in this book is so calm and fair, the style is so simple and direct, and the conclusions arrived at are so sane and reasonable, that for the general reader the book is much more useful than one crowded with references and burdened with the minutiae of scientific discussion. — *Political Science Quarterly*.

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The new capital will be \$5,000,000 paid-up, and the reserve \$9,264,447. The combined assets will be \$74,541,117, and the total deposits \$53,111,840.

—General Manager H. V. Meredith of the Bank of Montreal, discussing the situation in Canada, says: "Conservative optimism is, in my opinion, quite justified regarding the outlook in the Dominion."

—There has been a branch of the Union Bank opened at Melfort, Sask.

—A branch of the Canadian Bank of Commerce has been opened at Smith's Falls, Ontario, under the management of R. M. Watson.

—Under the management of W. W. Orr, a branch of the Canadian Bank of Commerce has been opened at Niagara Falls, Ont.

—Financial houses at Montreal have been augmented by the firm of R. J. Younge & Company, who have opened a suite of offices at 179 St. James street. The company will promote, purchase, reorganize and consolidate high-class Canadian industries.

—A branch of the Merchants Bank has been opened at Edmonton, Alta., under the charge of W. F. Sutherland.

—Application will be made at the coming session of Parliament for incorporation of

the Vancouver Trust Company to take over the business of the Vancouver Trust Company, Limited, with head office in Vancouver, which was incorporated under provincial laws in Canada.

—A branch of the Bank of Montreal has been opened at Swift Current, Sask., under the management of E. H. Mulloy, acting manager.

—The large ten million dollar Banque Internationale du Canada, organized last year by Sir Rodolphe Forget, M. P., largely with French capital, is about to go out of existence by means of a merger with the Home Bank of Canada.

The terms of the merger are practically complete. They provide for the taking over of the Internationale's assets by the Home Bank and the reduction of the Internationale's capital to \$1,300,000, which is \$59,000 less than the amount of its paid-up capital. The head office of the Internationale is in Montreal and its acquisition by the Home Bank will make that bank a factor in the Province of Quebec, where it has no branches. The Home Bank is an old established institution with \$1,290,000 paid-up capital.

The French shareholders of the Internationale will not be called upon to pay the balance of their subscriptions and will get back sixty per cent. of what they have paid in.

THE WOMAN AND HER BANK ACCOUNT

MEN never make any mistakes with their bank accounts, but the newspaper paragraph writers have made us all familiar with the awful blunders women make with theirs. Here is one of the latest examples from "The Tip of the Tongue" man in the New York "Press":

Women in the habit of deducting some

checks for four or five times and others not at all, of adding fictitious deposits and skipping real ones while keeping their bank account crooked—these women may find consolation in the tale of a local housewife. Her husband, on going over the stubs of her check book, found that on nine different occasions she had added in the date.

Yet the banks are anxious to get every woman's account they can.

NEW COUNTERFEIT \$10 NATIONAL BANK NOTE ON THE FIRST NATIONAL BANK OF ASHLEY, PENNSYLVANIA

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This counterfeit is a photo-mechanical production, printed on paper of fair

quality with red and blue ink lines to imitate the fibre of the genuine note. The face of note is poorly printed, the portrait of McKinley having a smeared appearance. The lathe work on face and back is very poor, the back of note is blotchy and printed with dark green ink. It should not deceive ordinarily careful handlers of money.

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